

**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 March 31, 2022**  
**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)

**Bermuda**  
(State or other jurisdiction of  
incorporation or organization)

**90 Pitts Bay Road**

**Pembroke HM08**

**Bermuda**  
(Address of principal executive offices)

**98-0214719**

(I.R.S. Employer  
Identification Number)

**P.O. Box HM 1282**

**Hamilton HM FX**

**Bermuda**  
(Mailing address)

(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
<b>Common Stock, Par Value of \$1.00 Per Share</b>	<b>ARGO</b>	<b>New York Stock Exchange</b>
<b>6.500% Senior Notes Due 2042 issued by Argo Group U.S., Inc. and The Guarantee With Respects Thereto</b>	<b>ARGD</b>	<b>New York Stock Exchange</b>
<b>Depository Shares, Each Representing a 1/1000th Interest in 7.00% Resettable Fixed Rate Preference Share, Series A, Par Value \$1.00 Per Share</b>	<b>ARGOPrA</b>	<b>New York Stock Exchange</b>

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 May 4, 2022.

Title	Outstanding
Common Shares, par value \$1.00 per share	34,958,238



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)

	March 31, 2022	December 31, 2021
	(Unaudited)	
<b>Assets</b>		
Investments:		
Fixed maturities available-for-sale, at fair value (cost: 2022 - \$4,302.7, 2021 - \$4,203.2; allowance for expected credit losses: 2022 - \$2.9, 2021 - \$2.5)	\$ 4,143.9	\$ 4,223.3
Equity securities, at fair value (cost: 2022 - \$61.3; 2021 - \$70.3)	54.0	56.3
Other investments (cost: 2022 - \$452.4; 2021 - \$387.0)	452.5	387.2
Short-term investments, at fair value (cost: 2022 - \$420.6; 2021 - \$655.4)	421.1	655.8
Total investments	5,071.5	5,322.6
Cash	154.0	146.1
Accrued investment income	22.1	20.9
Premiums receivable	649.3	648.6
Reinsurance recoverables	2,857.9	2,966.4
Goodwill	147.3	147.3
Intangible assets, net of accumulated amortization	17.3	17.3
Current income taxes receivable, net	—	7.3
Deferred tax asset, net	99.2	73.6
Deferred acquisition costs, net	174.6	168.0
Ceded unearned premiums	494.9	506.7
Operating lease right-of-use assets	60.8	81.4
Other assets	232.1	211.6
<b>Total assets</b>	<b>\$ 9,981.0</b>	<b>\$ 10,317.8</b>
<b>Liabilities and Shareholders' Equity</b>		
Reserves for losses and loss adjustment expenses	\$ 5,648.1	\$ 5,595.0
Unearned premiums	1,386.0	1,466.8
Accrued underwriting expenses and other liabilities	167.4	166.6
Ceded reinsurance payable, net	577.9	724.4
Funds held	65.8	76.6
Senior unsecured fixed rate notes	140.4	140.3
Other indebtedness	57.3	57.0
Junior subordinated debentures	258.3	258.2
Operating lease liabilities	69.0	97.7
<b>Total liabilities</b>	<b>8,370.2</b>	<b>8,582.6</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 shares issued at March 31, 2022 and December 31, 2021, respectively; liquidation preference \$25,000	144.0	144.0
Common shares - \$1.00 par, 500,000,000 shares authorized; 46,260,520 and 46,192,867 shares issued at March 31, 2022 and December 31, 2021, respectively	46.3	46.2
Additional paid-in capital	1,388.5	1,386.4
Treasury shares (11,315,889 shares at March 31, 2022 and December 31, 2021, respectively)	(455.1)	(455.1)
Retained earnings	622.0	636.4
Accumulated other comprehensive income, net of taxes	(134.9)	(22.7)
<b>Total shareholders' equity</b>	<b>1,610.8</b>	<b>1,735.2</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 9,981.0</b>	<b>\$ 10,317.8</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 March 31,	
	2022	2021
Premiums and other revenue:		
Earned premiums	\$ 480.6	\$ 466.1
Net investment income	37.7	44.4
Net realized investment and other gains (losses):		
Net realized investment and other losses	(40.2)	(1.3)
Change in fair value recognized	6.7	15.5
Change in allowance for credit losses on fixed maturity securities	(1.0)	(1.1)
Total net realized investment and other gains (losses)	(34.5)	13.1
Total revenue	483.8	523.6
Expenses:		
Losses and loss adjustment expenses	283.6	307.6
Underwriting, acquisition and insurance expenses	172.9	176.4
Non-operating expenses	7.4	1.9
Interest expense	5.8	5.1
Fee and other (income) expense, net	(0.8)	0.1
Foreign currency exchange losses	2.9	1.3
Total expenses	471.8	492.4
Income before income taxes	12.0	31.2
Income tax provision	13.0	1.4
Net income (loss)	\$ (1.0)	\$ 29.8
Dividends on preferred shares	2.6	2.6
Net income (loss) attributable to common shareholders	\$ (3.6)	\$ 27.2
Net income (loss) attributable to common shareholders per common share:		
Basic	\$ (0.11)	\$ 0.78
Diluted	\$ (0.11)	\$ 0.78
Dividend declared per common share	0.31	0.31
Weighted average common shares:		
Basic	34,891,935	34,712,650
Diluted	34,891,935	34,938,013

See accompanying notes.

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

	<b>For the Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Net income (loss)	\$ (1.0)	\$ 29.8
Other comprehensive income (loss):		
Foreign currency translation:		
Foreign currency translation adjustments	4.1	(0.9)
Reclassification adjustment for foreign currency translation included in net income	27.3	—
Unrealized losses on fixed maturity securities:		
Losses arising during the year	(172.0)	(62.1)
Reclassification adjustment for losses (gains) included in net income	(5.4)	(4.0)
Other comprehensive income (loss) before tax	(146.0)	(67.0)
Income tax (benefit) provision related to other comprehensive income (loss):		
Unrealized gains (losses) on fixed maturity securities:		
Losses arising during the year	(32.8)	(11.8)
Reclassification adjustment for (gains) losses included in net income	(1.0)	(0.8)
Income tax (benefit) provision related to other comprehensive income (loss)	(33.8)	(12.6)
Other comprehensive loss, net of tax	(112.2)	(54.4)
Comprehensive loss	\$ (113.2)	\$ (24.6)

*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, December 31, 2020</b>	\$ 144.0	\$ 46.0	\$ 1,380.2	\$ (455.1)	\$ 684.1	\$ 58.6	\$ 1,857.8
Net income	—	—	—	—	29.8	—	29.8
Other comprehensive loss - Change in fair value of fixed maturities, net of taxes	—	—	—	—	—	(53.5)	(53.5)
Other comprehensive loss, net - Other	—	—	—	—	—	(0.9)	(0.9)
Activity under stock incentive plans	—	0.1	2.1	—	—	—	2.2
Retirement of common shares (tax payments on equity compensation)	—	—	(1.4)	—	—	—	(1.4)
Employee stock purchase plan	—	—	0.4	—	—	—	0.4
Dividends on preferred shares	—	—	—	—	(2.6)	—	(2.6)
Cash dividend declared - common shares (\$0.31/share)	—	—	—	—	(10.8)	—	(10.8)
<b>Balance, March 31, 2021</b>	<u>\$ 144.0</u>	<u>\$ 46.1</u>	<u>\$ 1,381.3</u>	<u>\$ (455.1)</u>	<u>\$ 700.5</u>	<u>\$ 4.2</u>	<u>\$ 1,821.0</u>
<b>Balance, December 31, 2021</b>	\$ 144.0	\$ 46.2	\$ 1,386.4	\$ (455.1)	\$ 636.4	\$ (22.7)	\$ 1,735.2
Net loss	—	—	—	—	(1.0)	—	(1.0)
Other comprehensive loss - Change in fair value of fixed maturities, net of taxes	—	—	—	—	—	(143.6)	(143.6)
Other comprehensive income, net - Other	—	—	—	—	—	31.4	31.4
Activity under stock incentive plans	—	0.1	2.7	—	—	—	2.8
Retirement of common shares (tax payments on equity compensation)	—	—	(1.0)	—	—	—	(1.0)
Employee stock purchase plan	—	—	0.4	—	—	—	0.4
Dividends on preferred shares	—	—	—	—	(2.6)	—	(2.6)
Cash dividend declared - common shares (\$0.31/share)	—	—	—	—	(10.8)	—	(10.8)
<b>Balance, March 31, 2022</b>	<u>\$ 144.0</u>	<u>\$ 46.3</u>	<u>\$ 1,388.5</u>	<u>\$ (455.1)</u>	<u>\$ 622.0</u>	<u>\$ (134.9)</u>	<u>\$ 1,610.8</u>

See accompanying notes.

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

	For the Three Months Ended March 31,	
	2022	2021
Cash flows (used in) provided by operating activities:		
Net income (loss)	\$ (1.0)	\$ 29.8
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Amortization and depreciation	5.9	2.9
Share-based payments expense	3.2	2.3
Deferred income tax benefit, net	9.3	0.3
Net realized investment (gains) losses	34.5	(13.1)
Undistributed earnings from alternative investment portfolio	(13.6)	(20.7)
Change in:		
Accrued investment income	(1.2)	(0.6)
Receivables	43.9	242.5
Deferred acquisition costs	(6.5)	(6.5)
Ceded unearned premiums	(2.9)	(11.8)
Reserves for losses and loss adjustment expenses	101.4	(268.2)
Unearned premiums	(38.5)	(33.6)
Ceded reinsurance payable and funds held	(147.8)	158.2
Income taxes	3.2	1.3
Accrued underwriting expenses and other liabilities	11.5	6.4
Other, net	(29.3)	(19.0)
Cash (used in) provided by operating activities	(27.9)	70.2
Cash flows provided by (used in) investing activities:		
Sales of fixed maturity investments	291.1	264.0
Maturities and mandatory calls of fixed maturity investments	144.3	195.9
Sales of equity securities	9.0	14.6
Sales of other investments	20.9	27.1
Purchases of fixed maturity investments	(597.4)	(617.6)
Purchases of equity securities	(1.0)	(0.5)
Purchases of other investments	(17.9)	(20.6)
Change in foreign regulatory deposits and voluntary pools	(8.6)	(9.1)
Change in mortgage loans	(46.5)	—
Change in short-term investments	234.1	59.7
Settlements of foreign currency exchange forward contracts	—	(1.7)
Proceeds from sale of Argo Seguros Brasil, net of cash transferred	22.7	—
Purchases of fixed assets, net	(0.7)	(7.7)
Other, net	—	45.9
Cash used in investing activities	50.0	(50.0)
Cash flows used in financing activities:		
Activity under stock incentive plans	(1.1)	0.3
Payment of cash dividends to preferred shareholders	(2.6)	(2.6)
Payment of cash dividends to common shareholders	(10.8)	(10.8)
Cash used in financing activities	(14.5)	(13.1)
Effect of exchange rate changes on cash	0.3	0.8
Change in cash	7.9	7.9
Cash, beginning of year	146.1	148.8
Cash, end of period	\$ 154.0	\$ 156.7

See accompanying notes.



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

**1. Basis of Presentation**

The accompanying 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 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; estimates of written and earned premiums; reinsurance premium receivable; fair value of investments and assessment of potential impairment, including the allowance for credit losses on fixed maturity securities; valuation of goodwill and intangibles and our deferred tax asset valuation allowance. Actual results could materially differ from those estimates. Certain financial information that is normally included in annual 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 consolidated financial statements and notes thereto included in our Annual Report on Form 10-K and Form 10-K/A for the year ended December 31, 2021 filed with the Securities and Exchange Commission (“SEC”) (collectively, “2021 Form 10-K”).

The interim financial information as of, and for, the three months ended, March 31, 2022 and 2021 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.

***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 is 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.

**2. Recently Issued Accounting Pronouncements**

The Company evaluated recently issued accounting pronouncements and determined none are material to our results of operations or financial position reported herein.

**3. Investments**

Included in *Total investments* in our Consolidated Balance Sheets at March 31, 2022 and December 31, 2021 is \$71.2 million and \$89.6 million, respectively, 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.

### 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:

March 31, 2022					
(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Fixed maturities					
U.S. Governments	\$ 496.0	\$ 0.4	\$ 17.0	\$ —	\$ 479.4
Foreign Governments	211.7	3.7	7.6	0.3	207.5
Obligations of states and political subdivisions	169.6	2.3	4.9	0.4	166.6
Corporate bonds	2,009.0	9.7	86.2	2.1	1,930.4
Commercial mortgage-backed securities	422.7	0.6	23.1	—	400.2
Residential mortgage-backed securities	455.4	1.9	26.5	—	430.8
Asset-backed securities	205.6	0.3	5.3	0.1	200.5
Collateralized loan obligations	332.7	0.6	4.8	—	328.5
Total fixed maturities	\$ 4,302.7	\$ 19.5	\$ 175.4	\$ 2.9	\$ 4,143.9

December 31, 2021					
(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Fixed maturities					
U.S. Governments	\$ 422.7	\$ 5.5	\$ 3.2	\$ —	\$ 425.0
Foreign Governments	234.7	2.2	3.9	0.2	232.8
Obligations of states and political subdivisions	166.7	5.8	1.2	—	171.3
Corporate bonds	1,972.3	33.5	20.3	2.2	1,983.3
Commercial mortgage-backed securities	416.7	6.3	4.3	—	418.7
Residential mortgage-backed securities	480.7	7.5	5.7	—	482.5
Asset-backed securities	173.0	1.3	0.6	0.1	173.6
Collateralized loan obligations	336.4	1.3	1.6	—	336.1
Total fixed maturities	\$ 4,203.2	\$ 63.4	\$ 40.8	\$ 2.5	\$ 4,223.3

### Contractual Maturity

The amortized cost and fair values of fixed maturity investments as of March 31, 2022, by contractual maturity, were as follows:

(in millions)	Amortized Cost	Fair Value
Due in one year or less	\$ 229.3	\$ 232.1
Due after one year through five years	1,849.4	1,795.6
Due after five years through ten years	719.4	673.7
Due after ten years	88.2	82.5
Structured securities	1,416.4	1,360.0
Total	\$ 4,302.7	\$ 4,143.9

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 March 31, 2022 and December 31, 2021 were as follows:

March 31, 2022		
(in millions)	Carrying Value	Unfunded Commitments
Investment Type		
Hedge funds	\$ 58.1	\$ —
Private equity	259.6	68.8
Overseas deposits	83.6	—
Commercial Mortgage Loans	46.5	—
Other	4.7	—
<b>Total other investments</b>	<b>\$ 452.5</b>	<b>\$ 68.8</b>

  

December 31, 2021		
(in millions)	Carrying Value	Unfunded Commitments
Investment Type		
Hedge funds	\$ 58.6	\$ —
Private equity	248.9	64.2
Overseas deposits	74.9	—
Other	4.8	—
<b>Total other investments</b>	<b>\$ 387.2</b>	<b>\$ 64.2</b>

The following describes each investment type:

- **Hedge funds:** Hedge funds 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.
- **Overseas deposits:** Overseas deposits are principally invested in short-term sovereign fixed income and investment grade corporate securities and international stocks.
- **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.
- **Other:** Other includes participation in investment pools.

### Unrealized Losses

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

March 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)						
Fixed maturities						
U.S. Governments	\$ 416.1	\$ 12.8	\$ 49.6	\$ 4.2	\$ 465.7	\$ 17.0
Foreign Governments	150.2	6.7	25.4	0.9	175.6	7.6
Obligations of states and political subdivisions	78.7	4.7	3.0	0.2	81.7	4.9
Corporate bonds	1,275.0	62.9	219.6	23.3	1,494.6	86.2
Commercial mortgage-backed securities	296.8	17.8	41.7	5.3	338.5	23.1
Residential mortgage-backed securities	234.6	13.8	120.7	12.7	355.3	26.5
Asset-backed securities	135.9	4.7	7.0	0.6	142.9	5.3
Collateralized loan obligations	274.8	4.8	1.0	—	275.8	4.8
Total fixed maturities	<u>\$ 2,862.1</u>	<u>\$ 128.2</u>	<u>\$ 468.0</u>	<u>\$ 47.2</u>	<u>\$ 3,330.1</u>	<u>\$ 175.4</u>

  

December 31, 2021	Less Than One Year		One Year or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(in millions)						
Fixed maturities						
U.S. Governments	\$ 193.4	\$ 2.6	\$ 14.6	\$ 0.6	\$ 208.0	\$ 3.2
Foreign Governments	152.4	3.3	2.6	0.6	155.0	3.9
Obligations of states and political subdivisions	46.0	0.8	0.1	0.4	46.1	1.2
Corporate bonds	854.3	18.3	41.7	2.0	896.0	20.3
Commercial mortgage-backed securities	198.8	4.1	6.5	0.2	205.3	4.3
Residential mortgage-backed securities	284.2	5.6	4.0	0.1	288.2	5.7
Asset-backed securities	62.6	0.6	—	—	62.6	0.6
Collateralized loan obligations	176.1	1.6	0.5	—	176.6	1.6
Total fixed maturities	<u>\$ 1,967.8</u>	<u>\$ 36.9</u>	<u>\$ 70.0</u>	<u>\$ 3.9</u>	<u>\$ 2,037.8</u>	<u>\$ 40.8</u>

We hold a total of 5,203 fixed maturity securities, of which 1,080 were in an unrealized loss position for less than one year and 208 were in an unrealized loss position for a period one year or greater as of March 31, 2022.

### Allowance for Credit Losses

For fixed maturities with a decline in the fair value between 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 realized 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.

We evaluate for credit losses each quarter. 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 realized investment gains. 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 realized 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 months ending March 31, 2022 and 2021, respectively:

(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	0.1	—	0.4	—	0.5
Securities sold during the period	—	—	(0.6)	—	(0.6)
Additional net increases (decreases) in existing allowance	—	0.4	0.1	—	0.5
Ending balance, March 31, 2022	<u>\$ 0.3</u>	<u>\$ 0.4</u>	<u>\$ 2.1</u>	<u>\$ 0.1</u>	<u>\$ 2.9</u>

(in millions)	Foreign Governments	Obligations of states and political subdivisions	Corporate bonds	Asset backed securities	Total
Beginning balance, January 1, 2021	\$ 0.2	\$ 0.1	\$ 6.1	\$ 0.2	\$ 6.6
Securities for which allowance was not previously recorded	—	—	2.1	—	2.1
Securities sold during the period	—	—	(0.4)	—	(0.4)
Additional net increases (decreases) in existing allowance	(0.1)	(0.1)	(0.7)	(0.2)	(1.1)
Ending balance, March 31, 2021	<u>\$ 0.1</u>	<u>\$ —</u>	<u>\$ 7.1</u>	<u>\$ —</u>	<u>\$ 7.2</u>

Total credit impairment (gains) losses included in *Net realized investment and other gains (losses)* in the Condensed Consolidated Statements of Income (Loss) was \$1.0 million and \$1.1 million for the three months ended March 31, 2022 and 2021, respectively.

### Investment Gains and Losses

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

(in millions)	For the Three Months Ended March 31,	
	2022	2021
Realized gains on fixed maturities and other		
Fixed maturities	\$ 11.2	\$ 5.5
Other investments, including short-terms	1.5	6.0
	12.7	11.5
Realized losses on fixed maturities and other		
Fixed maturities	(16.6)	(1.5)
Other investments, including short-terms	(6.8)	(9.5)
	(23.4)	(11.0)
Net (losses) recognized on fixed maturities and other		
Credit losses on fixed maturities	(1.0)	(1.1)
Other <sup>(1)</sup>	(28.5)	—
	(29.5)	(1.1)
Equity securities		
Net realized gains (losses) on equity securities	(1.0)	(1.8)
Change in unrealized gains (losses) on equity securities held at the end of the period	6.7	15.5
Net realized gains (losses) on equity securities	5.7	13.7
Net realized investment and other gains (losses) before income taxes	(34.5)	13.1
Income tax (benefit) provision	(0.7)	2.6
Net realized investment and other gains (losses), net of income taxes	\$ (33.8)	\$ 10.5

<sup>(1)</sup> Refer to the sale of Argo Seguros in Note 1, "Basis of Presentation" for additional information.

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

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

(in millions)	For the Three Months Ended March 31,	
	2022	2021
Change in unrealized gains (losses)		
Fixed maturities	\$ (177.9)	\$ (65.7)
Other and short-term investments	0.1	(0.4)
Net unrealized investment gains (losses) before income taxes	(177.8)	(66.1)
Income tax provision (benefit)	(33.9)	(12.6)
Net unrealized investment gains (losses), net of income taxes	\$ (143.9)	\$ (53.5)

### 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 gain exposure to a total return strategy which invests in multiple currencies. The currency forward contracts are carried at fair value in our Condensed Consolidated Balance Sheets in *Other liabilities* and *Other assets* at March 31, 2022 and December 31, 2021, 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 March 31, 2022 and December 31, 2021 was as follows:

(in millions)	March 31, 2022	December 31, 2021
Operational currency exposure	\$ (8.5)	\$ (0.3)
Asset manager investment exposure	0.8	(0.3)
Total	<u>\$ (7.7)</u>	<u>\$ (0.6)</u>

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

(in millions)	For the Three Months Ended March 31,	
	2022	2021
Realized gains		
Operational currency exposure	\$ 2.5	\$ 3.9
Asset manager investment exposure	1.1	1.0
Total return strategy	—	8.5
Gross realized investment gains	<u>3.6</u>	<u>13.4</u>
Realized losses		
Operational currency exposure	(8.8)	(9.2)
Total return strategy	—	(7.5)
Gross realized investment losses	<u>(8.8)</u>	<u>(16.7)</u>
Net realized investment (losses) gains on foreign currency exchange forward contracts	<u>\$ (5.2)</u>	<u>\$ (3.3)</u>

#### 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)	March 31, 2022	December 31, 2021
Securities on deposit for regulatory and other purposes	\$ 177.0	\$ 195.6
Securities pledged as collateral for letters of credit and other	185.4	193.9
Securities and cash on deposit supporting Lloyd's business <sup>(1)</sup>	290.9	296.8
Total restricted investments	<u>\$ 653.3</u>	<u>\$ 686.3</u>

<sup>(1)</sup> Argo Group is required to maintain Funds at Lloyd's ("FAL") to support its business for Syndicate 1200 and Syndicate 1910. At March 31, 2022 the amount pledged for FAL was \$290.9 million, of which \$137.6 million was provided by Argo Re Ltd.

#### 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. We receive one quote per instrument for Level 1 inputs.
- 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.

We receive fair value prices from third-party pricing services and our outside investment managers. 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 March 31, 2022 and December 31, 2021. 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 or Level 3 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 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 measured at fair value on a recurring basis have been categorized as follows:

(in millions)	March 31, 2022	Fair Value Measurements at Reporting Date Using		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>
<b>Fixed maturities</b>				
U.S. Governments	\$ 479.5	\$ 472.2	\$ 7.3	\$ —
Foreign Governments	207.5	—	207.5	—
Obligations of states and political subdivisions	166.6	—	166.6	—
Corporate bonds	1,930.3	—	1,915.3	15.0
Commercial mortgage-backed securities	400.2	—	400.2	—
Residential mortgage-backed securities	430.8	—	430.8	—
Asset-backed securities	200.5	—	179.3	21.2
Collateralized loan obligations	328.5	—	328.5	—
Total fixed maturities	4,143.9	472.2	3,635.5	36.2
Equity securities	54.0	36.4	—	17.6
Other investments	84.0	—	84.0	—
Short-term investments	421.1	419.9	1.2	—
	<u>\$ 4,703.0</u>	<u>\$ 928.5</u>	<u>\$ 3,720.7</u>	<u>\$ 53.8</u>

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

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

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

(in millions)	December 31, 2021	Fair Value Measurements at Reporting Date Using		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>
<b>Fixed maturities</b>				
U.S. Governments	\$ 425.0	\$ 417.4	\$ 7.6	\$ —
Foreign Governments	232.8	—	232.8	—
Obligations of states and political subdivisions	171.3	—	171.3	—
Corporate bonds	1,983.3	—	1,980.5	2.8
Commercial mortgage-backed securities	418.7	—	418.7	—
Residential mortgage-backed securities	482.5	—	482.5	—
Asset-backed securities	173.6	—	173.6	—
Collateralized loan obligations	336.1	—	336.1	—
Total fixed maturities	4,223.3	417.4	3,803.1	2.8
Equity securities	56.3	41.6	—	14.7
Other investments	75.4	—	75.4	—
Short-term investments	655.8	653.9	1.9	—
	<u>\$ 5,010.8</u>	<u>\$ 1,112.9</u>	<u>\$ 3,880.4</u>	<u>\$ 17.5</u>

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

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

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

The fair value measurements in the tables above do not equal *Total investments* on our Consolidated Balance Sheets as they exclude certain other investments that are accounted for under the equity-method of accounting.

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, 2022	\$ 2.8	\$ 14.7	\$ 17.5
Transfers into Level 3	34.7	0.1	34.8
Transfers out of Level 3	—	—	—
Total gains or losses (realized/unrealized):			
Included in net income	(0.4)	1.8	1.4
Included in other comprehensive income	0.8	—	0.8
Purchases, issuances, sales, and settlements:			
Purchases	—	1.0	1.0
Issuances	—	—	—
Sales	(1.7)	—	(1.7)
Settlements	—	—	—
Ending balance, March 31, 2022	\$ 36.2	\$ 17.6	\$ 53.8
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, 2021	\$ —	\$ —	\$ —

(in millions)	Credit Financial	Equity Securities	Total
Beginning balance, January 1, 2021	\$ 7.0	\$ 17.5	\$ 24.5
Transfers into Level 3	—	1.0	1.0
Transfers out of Level 3	—	—	—
Total gains or losses (realized/unrealized):			
Included in net income	—	4.2	4.2
Included in other comprehensive loss	(0.8)	—	(0.8)
Purchases, issuances, sales, and settlements:			
Purchases	0.1	1.2	1.3
Issuances	—	—	—
Sales	(3.5)	(10.6)	(14.1)
Settlements	—	—	—
Ending balance, December 31, 2021	\$ 2.8	\$ 13.3	\$ 16.1
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, 2020	\$ —	\$ —	\$ —

At March 31, 2022 and December 31, 2021, 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.

#### 4. Allowance for Credit Losses

##### *Premiums receivable*

The following table represents the balances of premiums receivable, net of allowance for expected credit losses, at March 31, 2022 and January 1, 2022, and the changes in the allowance for expected credit losses for the three months ended March 31, 2022.

(in millions)	Premiums Receivable, Net of Allowance for Estimated Uncollectible Premiums	Allowance for Estimated Uncollectible Premiums
Balance, January 1, 2022	\$ 648.6	\$ 5.7
Current period change for estimated uncollectible premiums		(0.4)
Write-offs of uncollectible premiums receivable		—
Balance, March 31, 2022	\$ 649.3	\$ 5.3

##### *Reinsurance Recoverables*

The following table presents the balances of reinsurance recoverables, net of the allowance for estimated uncollectible reinsurance, at March 31, 2022 and January 1, 2022, and changes in the allowance for estimated uncollectible reinsurance for the three months ended March 31, 2022.

(in millions)	Reinsurance Recoverables, Net of Allowance for Estimated Uncollectible Reinsurance	Allowance for Estimated Uncollectible Reinsurance
Balance, January 1, 2022	\$ 2,966.4	\$ 3.8
Current period change for estimated uncollectible reinsurance		—
Write-offs of uncollectible reinsurance recoverables		—
Balance, March 31, 2022	\$ 2,857.9	\$ 3.8

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 Three Months Ended March 31,	
	2022	2021
Net reserves beginning of the year	\$ 3,123.2	\$ 2,906.1
Add:		
Losses and LAE incurred during current calendar year, net of reinsurance:		
Current accident year	280.2	306.6
Prior accident years	3.4	1.0
Losses and LAE incurred during calendar year, net of reinsurance	283.6	307.6
Deduct:		
Losses and LAE payments made during current calendar year, net of reinsurance:		
Current accident year	19.0	33.0
Prior accident years	266.1	230.3
Losses and LAE payments made during current calendar year, net of reinsurance:	285.1	263.3
Divestitures <sup>(1)</sup>	(31.0)	—
Net reserve ceded - reinsurance to close transaction for years of account 2017 and prior <sup>(2)</sup>	—	207.8
Change in participation interest <sup>(3)</sup>	48.0	19.8
Foreign exchange adjustments	(0.4)	(0.8)
Net reserves - end of period	3,138.3	2,761.6
Add:		
Reinsurance recoverables on unpaid losses and LAE, end of period	2,509.8	2,373.7
Gross reserves - end of period	\$ 5,648.1	\$ 5,135.3

<sup>(1)</sup> Refer to the sale of Argo Seguros in Note 1, “Basis of Presentation” for additional information.

<sup>(2)</sup> Amount represents reserves ceded under the reinsurance to close transaction with RiverStone for Lloyd’s years of account 2017 and prior, effective January 1, 2021.

<sup>(3)</sup> Amount represents the change in reserves due to changing our participation in Syndicates 1200 and 1910.

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 Three Months Ended March 31,	
	2022	2021
U.S. Operations	\$ 5.0	\$ (0.4)
International Operations	(3.0)	—
Run-off Lines	1.4	1.4
Total (favorable) unfavorable prior-year development	\$ 3.4	\$ 1.0

The following describes the primary factors behind each segment's prior accident year reserve development for the three months ended March 31, 2022 and 2021:

**Three months ended March 31, 2022:**

- *U.S. Operations:* Unfavorable development primarily related to liability lines, including the impact of large losses, partially offset by favorable development in specialty lines.
- *International Operations:* Favorable development primarily related to catastrophe losses and Europe liability losses partially offset by unfavorable development in liability and professional losses from our Bermuda insurance operations.
- *Run-off Lines:* Unfavorable loss reserve development on prior accident years in other run-off lines.

**Three months ended March 31, 2021:**

- *U.S. Operations:* Favorable development primarily in specialty lines, partially offset by unfavorable development in liability and professional lines.
- *International Operations:* Unfavorable development primarily related to a one-time accounting adjustment and large claim movements in Argo Insurance Bermuda, partially offset by favorable development in property lines, including losses associated with prior year catastrophe losses.
- *Run-off Lines:* Unfavorable loss reserve development on prior accident years in risk management workers compensation, other run-off lines and an individual environmental loss.

In the opinion of management, 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 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.

*Debt.* At March 31, 2022 and December 31, 2021, 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 from third-party pricing services for our financial instruments as well as for similar financial instruments. 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 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 March 31, 2022 and December 31, 2021. 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 from a third-party pricing service using quoted prices for similar securities being traded in active markets at the reporting date, as our specific debt instruments are more infrequently traded.

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

(in millions)	March 31, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Junior subordinated debentures:				
Trust preferred debentures	\$ 172.7	\$ 173.2	\$ 172.7	\$ 172.9
Subordinated debentures	85.6	92.1	85.5	91.9
Total junior subordinated debentures	258.3	265.3	258.2	264.8
Senior unsecured fixed rate notes	140.4	144.1	140.3	148.4
Floating rate loan stock	57.3	57.4	57.0	57.1
	<u>\$ 456.0</u>	<u>\$ 466.8</u>	<u>\$ 455.5</u>	<u>\$ 470.3</u>

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			
	March 31, 2022	Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>
Junior subordinated debentures:				
Trust preferred debentures	\$ 173.2	\$ —	\$ 173.2	\$ —
Subordinated debentures	92.1	—	92.1	—
Total junior subordinated debentures	265.3	—	265.3	—
Senior unsecured fixed rate notes	144.1	144.1	—	—
Floating rate loan stock	57.4	—	57.4	—
	<u>\$ 466.8</u>	<u>\$ 144.1</u>	<u>\$ 322.7</u>	<u>\$ —</u>

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

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

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

(in millions)	Fair Value Measurements at Reporting Date Using			
	December 31, 2021	Level 1 <sup>(a)</sup>	Level 2 <sup>(b)</sup>	Level 3 <sup>(c)</sup>
Junior subordinated debentures:				
Trust preferred debentures	\$ 172.9	\$ —	\$ 172.9	\$ —
Subordinated debentures	91.9	—	91.9	—
Total junior subordinated debentures	264.8	—	264.8	—
Senior unsecured fixed rate notes	148.4	148.4	—	—
Floating rate loan stock	57.1	—	57.1	—
	<u>\$ 470.3</u>	<u>\$ 148.4</u>	<u>\$ 321.9</u>	<u>\$ —</u>

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

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

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

## 7. Shareholders' Equity

On February 16, 2022, our Board of Directors declared a quarterly cash dividend in the amount of \$0.31 on each common share outstanding. On March 15, 2022, we paid \$10.8 million to our shareholders of record on February 28, 2022.

On February 16, 2022, our Board of Directors declared a quarterly cash dividend in the amount of \$437.500 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 \$0.437500 per Depositary Share. On March 15, 2022, we paid \$2.6 million to our shareholders of record of Series A Preference Shares on February 28, 2022.

On February 12, 2021, our Board of Directors declared a quarterly cash dividend in the amount of \$0.31 on each common share outstanding. On March 12, 2021, we paid \$10.8 million to our shareholders of record on February 26, 2021.

On February 12, 2021, 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 March 15, 2021, we paid \$2.6 million to our shareholders of record of Series A Preference Shares on February 28, 2021.

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 March 31, 2022, availability under the 2016 Repurchase Authorization for future repurchases of our common shares was \$53.3 million.

We did not repurchase any common shares for the three months ended March 31, 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 three months ended March 31, 2022 and 2021 is presented below:

(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	4.1	(139.2)	—	(135.1)
Amounts reclassified from accumulated other comprehensive loss	27.3	(4.4)	—	22.9
Net current-period other comprehensive income (loss)	31.4	(143.6)	—	(112.2)
<b>Balance, March 31, 2022</b>	<u>\$ (3.9)</u>	<u>\$ (123.9)</u>	<u>\$ (7.1)</u>	<u>\$ (134.9)</u>

(in millions)	Foreign Currency Translation Adjustments	Unrealized Holding Gains (Losses) on Securities	Defined Benefit Pension Plans	Total
<b>Balance, January 1, 2021</b>	\$ (37.9)	\$ 105.1	\$ (8.6)	\$ 58.6
Other comprehensive loss before reclassifications	(0.9)	(50.3)	—	(51.2)
Amounts reclassified from accumulated other comprehensive loss	—	(3.2)	—	(3.2)
Net current-period other comprehensive loss	(0.9)	(53.5)	—	(54.4)
<b>Balance, March 31, 2021</b>	<u>\$ (38.8)</u>	<u>\$ 51.6</u>	<u>\$ (8.6)</u>	<u>\$ 4.2</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 March 31,	
	2022	2021
<b>Unrealized gains and losses on securities:</b>		
Net realized investment gains	\$ (5.4)	\$ (4.0)
Provision for income taxes	1.0	0.8
<b>Foreign currency translation adjustments:</b>		
Net realized investment and other gains (losses)	27.3	—
Total, net of taxes	\$ 22.9	\$ (3.2)

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 March 31,	
	2022	2021
Net income (loss)	\$ (1.0)	\$ 29.8
Less: Preferred share dividends	2.6	2.6
Net income (loss) attributable to common shareholders	(3.6)	27.2
Weighted average common shares outstanding - basic	34,891,935	34,712,650
<b>Effect of dilutive securities:</b>		
Equity compensation awards	—	225,363
Weighted average common shares outstanding - diluted	34,891,935	34,938,013
<b>Net income (loss) per common share:</b>		
Basic	\$ (0.11)	\$ 0.78
Diluted	\$ (0.11)	\$ 0.78

Excluded from the weighted average common shares outstanding calculation at March 31, 2022 and 2021 are 11,315,889 shares, which are held as treasury shares. The shares are excluded as of their repurchase date. For the three months ended March 31, 2022, 173,541 potentially dilutive securities were not included in the calculation of diluted net income per common share as these instruments were anti-dilutive due to the net loss attributable to common shareholders incurred for the period then ended. For the three months ended March 31, 2021, there were no equity compensation awards with an anti-dilutive effect.



## 10. Supplemental Cash Flow Information

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

(in millions)	For the Three Months Ended March 31,	
	2022	2021
Senior unsecured fixed rate notes	\$ 2.3	\$ 2.3
Junior subordinated debentures	2.5	2.5
Other indebtedness	0.8	0.8
Total interest paid	\$ 5.6	\$ 5.6
Income taxes paid	\$ 0.3	\$ 0.9
Income taxes recovered	(0.2)	(0.1)
Income taxes paid, net	\$ 0.1	\$ 0.8

## 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 March 31, 2022 and changes during the three months then ended is as follows:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2022	278,430	\$ 49.57
Granted	240,677	41.00
Reclassified from performance shares	14,373	32.61
Vested and issued	(83,101)	46.32
Expired or forfeited	(13,379)	48.72
Outstanding at March 31, 2022	437,000	\$ 44.58

The restricted shares vest over one to four years. Expense recognized under this plan for the restricted shares was \$2.2 million and \$1.5 million for the three months ended March 31, 2022 and 2021, 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 March 31, 2022, there was \$18.0 million of total unrecognized compensation cost related to restricted share compensation arrangements granted by Argo Group.

### Performance Shares

We have issued to certain key 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 March 31, 2022 and changes during the three months then ended is as follows:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2022	200,564	\$ 47.52
Granted	125,074	41.00
Reclassified to restricted shares	(14,373)	32.61
Vested and issued	(1,831)	68.27
Expired or forfeited	(17,398)	59.03
Outstanding at March 31, 2022	292,036	\$ 44.64

Expense recognized under this plan for the performance shares was \$0.5 million and \$0.7 million for the three months ended March 31, 2022 and 2021, respectively. As of March 31, 2022, there was \$8.5 million of total unrecognized compensation cost related to performance share compensation arrangements granted by Argo Group.

### 12. Underwriting, Acquisition and Insurance Expenses

Underwriting, acquisition and insurance expenses were as follows:

(in millions)	For the Three Months Ended March 31,	
	2022	2021
Commissions	\$ 77.9	\$ 76.5
Other underwriting and insurance expenses	103.2	106.6
Total underwriting, acquisition and insurance expenses before deferral	181.1	183.1
Net deferral of policy acquisition costs	(8.2)	(6.7)
Total underwriting, acquisition and insurance expenses	\$ 172.9	\$ 176.4

### 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.

We do not consider ourselves to be engaged in a trade or business in the U.S. or the U.K. and, accordingly, do not expect to be subject to direct U.S. or U.K. income taxation.

We have subsidiaries based in the U.K. that are subject to the tax laws of that country. Under current law, these subsidiaries are taxed at the applicable corporate tax rates. Certain of the U.K. subsidiaries are deemed to be engaged in business in the U.S., and therefore, are subject to U.S. corporate tax in respect of a proportion of their U.S. underwriting business only. Relief is available against the U.K. tax liabilities in respect of overseas taxes paid that arise 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 generally file a consolidated U.S. federal income tax return.

We also have operations in Brazil, France, Ireland, Italy, Malta, and Switzerland, which also are subject to income taxes imposed by the jurisdiction in which they operate. During the period ending March 31, 2022, our operations in Brazil were divested. We also have operations in Barbados and the United Arab Emirates, which are not subject to income tax under the laws of those countries.

On June 10, 2021, U.K. tax legislation referred to as Finance Act 2021 received Royal Assent and was enacted. The effects of changes in tax laws and tax rates are recognized in the period of enactment. Accordingly, we recorded the impacts of Finance Act 2021 in our June 30, 2021 consolidated financial statements which primarily includes the remeasurement of our deferred tax assets and liabilities for the increased U.K. federal tax rate from 19% to 25% beginning on April 1, 2023.

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 months ended March 31, 2022 and 2021, 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 March 31,			
	2022		2021	
	Pre-Tax Income (Loss)	Effective Tax Rate	Pre-Tax Income (Loss)	Effective Tax Rate
Bermuda	\$ (0.2)	— %	\$ 5.0	— %
United States	38.8	21.9 %	41.3	15.7 %
United Kingdom	5.0	80.8 %	(18.3)	28.1 %
Brazil	(0.1)	(422.4)%	1.6	— %
United Arab Emirates	0.6	— %	0.3	— %
Ireland	(33.3)	— %	(0.1)	— %
Italy	0.1	138.1 %	0.9	— %
Malta	1.1	— %	0.5	— %
Pre-tax income	<u>\$ 12.0</u>	<u>109.7 %</u>	<u>\$ 31.2</u>	<u>4.3 %</u>

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.

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 March 31,	
	2022	2021
Income tax provision at expected rate	\$ 9.4	\$ 6.3
Tax effect of:		
Nontaxable investment income	(0.1)	(0.2)
Foreign exchange adjustments	0.1	(0.2)
Sale of Brazil Operations	1.6	—
Change in uncertain tax position liability	0.1	(2.4)
Change in valuation allowance	(1.8)	(0.8)
Impact of change in tax rate related to Finance Act 2021	0.5	—
Lease termination	2.0	—
Other	1.2	(1.3)
Income tax provision	<u>\$ 13.0</u>	<u>\$ 1.4</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 months ended March 31, 2022, the net change in valuation allowance for deferred tax assets decreased \$1.8 million relating 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 financial statements. For the three months ended March 31, 2022, the uncertain tax positions liability increased in the amount of \$0.1 million. A net increase of interest in the amount of \$0.1 million has been recorded in the line item *Interest expense* in our Consolidated Statements of Income (Loss) for the three months ended March 31, 2022.

Our U.S. subsidiaries are no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2018. Our U.K. subsidiaries are no longer subject to U.K. income tax examinations by Her Majesty's Revenue and Customs for years before 2020.

Numerous foreign jurisdictions in which we operate have provided or proposed income-tax relief in response to the COVID-19 pandemic. The Company does not anticipate any of the recent legislative initiatives to have a material impact on its financial statements and will continue to analyze these initiatives in response to the COVID-19 pandemic.

#### **14. Commitments and Contingencies**

Argo Group's subsidiaries are parties to legal actions incidental to their business. Based on the opinion of legal counsel, management believes that the resolution of these matters will not materially affect our financial condition or results of operations.

We have contractual commitments to invest up to \$68.8 million related to our limited partnership investments at March 31, 2022, 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. Realized investment gains 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 March 31,	
	2022	2021
<b>Revenue:</b>		
Earned premiums		
U.S. Operations	\$ 336.4	\$ 314.4
International Operations	144.2	151.5
Run-off Lines	—	0.2
Total earned premiums	480.6	466.1
Net investment income		
U.S. Operations	25.6	28.8
International Operations	11.4	12.0
Run-off Lines	0.7	0.8
Corporate and Other	—	2.8
Total net investment income	37.7	44.4
Net realized investment and other gains (losses)	(34.5)	13.1
Total revenue	\$ 483.8	\$ 523.6

(in millions)	For the Three Months Ended March 31,	
	2022	2021
<b>Income (loss) before income taxes</b>		
U.S. Operations	\$ 43.9	\$ 36.6
International Operations	22.7	(11.8)
Run-off Lines	(1.0)	0.6
Total segment income (loss) before income taxes	65.6	25.4
Corporate and Other	(16.2)	(6.0)
Net realized investment and other gains (losses)	(34.5)	13.1
Foreign currency exchange losses	(2.9)	(1.3)
Total income (loss) before income taxes	\$ 12.0	\$ 31.2

The table below presents earned premiums by geographic location for the three months ended March 31, 2022 and 2021. 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 March 31,	
	2022	2021
United States	\$ 336.4	\$ 312.8
United Kingdom	127.1	99.0
Bermuda	6.4	25.1
Malta	2.3	14.0
All other jurisdictions	8.4	15.2
Total earned premiums	\$ 480.6	\$ 466.1

The following table represents identifiable assets:

(in millions)	March 31, 2022	December 31, 2021
U.S. Operations	\$ 5,716.2	\$ 5,800.1
International Operations	3,780.9	3,932.3
Run-off Lines	305.3	314.7
Corporate and Other	178.6	270.7
Total	<u>\$ 9,981.0</u>	<u>\$ 10,317.8</u>

Included in total assets at March 31, 2022 and December 31, 2021 are \$247.0 million and \$825.9 million, respectively, in assets associated with trade capital providers.

## 16. Subsequent Events

On April 28, 2022, the Company announced that its Board of Directors has initiated an exploration of strategic alternatives. As part of this process, the Board of Directors will consider a wide range of options for the Company including, among other things, a potential sale, merger or other strategic transaction.

There can be no assurance that this process will result in the Company pursuing a particular transaction or other strategic outcome. The Company has not set a timetable for completion of this process, and it does not intend to disclose further developments unless and until it determines that further disclosure is appropriate or necessary.

Additionally, in April 2022, the Company reached agreement on a loss portfolio transfer (“LPT”) transaction for Syndicate 1200's reserves for the 2018 and 2019 Years of Account.

## 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 months ended March 31, 2022 compared with the three months ended March 31, 2021, and a discussion of our financial condition as of March 31, 2022. 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 2021 Form 10-K, including the audited 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. For a more detailed discussion of such risks and uncertainties, see Item 1A, “Risk Factors” in Argo Group’s 2021 Form 10-K. 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.

## Consolidated Results of Operations

For the three months ended March 31, 2022, we reported net loss attributable to common shareholders of \$3.6 million (\$0.11 per diluted common share). For the three months ended March 31, 2021, we reported a net income attributable to common shareholders of \$27.2 million (\$0.78 per diluted common share).

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 March 31,	
	2022	2021
Gross written premiums	\$ 720.6	\$ 756.5
Earned premiums	\$ 480.6	\$ 466.1
Net investment income	37.7	44.4
Net realized investment and other gains (losses):		
Net realized investment and other losses	(40.2)	(1.3)
Change in fair value recognized	6.7	15.5
Change in allowance for credit losses on fixed maturity securities	(1.0)	(1.1)
Total net realized investment and other gains (losses)	(34.5)	13.1
Total revenue	\$ 483.8	\$ 523.6
Income before income taxes	\$ 12.0	\$ 31.2
Income tax provision	13.0	1.4
Net income (loss)	\$ (1.0)	\$ 29.8
Less: Dividends on preferred shares	2.6	2.6
Net income (loss) attributable to common shareholders	\$ (3.6)	\$ 27.2
GAAP Ratios:		
Loss ratio	59.0 %	66.0 %
Expense ratio	36.0 %	37.8 %
Combined ratio	95.0 %	103.8 %

The table above includes GAAP ratios 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 premiums earned. Loss ratios include the impact of catastrophe losses.
- Expense ratio: the ratio of underwriting, acquisition and insurance expense to premiums earned.
- 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 premiums earned, or underwriting margin.

	March 31, 2022	December 31, 2021	March 31, 2021
Book value per common share	\$ 41.97	\$ 45.62	\$ 48.23

### **Impact of COVID-19**

Beginning in March 2020 and continuing throughout 2021 and year to date 2022, the global COVID-19 pandemic, including the arrival of new strains of the virus, has resulted in significant disruptions in economic activity and financial markets. While the Company's consolidated net investment income benefited from the gradual improvement of economic conditions as the impact of the pandemic lessened during 2021, COVID-19 has directly and indirectly adversely affected the Company and may continue to do so for an uncertain period of time. The Company did not incur any COVID-19 catastrophe losses during the three months ended March 31, 2022, as compared to \$4.4 million for the three months ended March 31, 2021. Our liquidity and capital resources were not materially impacted by COVID-19 and related economic conditions during the three months ended March 31, 2022 or 2021. Although vaccines are now available and are in the process of being widely distributed, the extent to which COVID-19 (including emerging new strains of the COVID-19 virus) will continue to impact our business will depend on future developments that cannot be predicted, and while we have recorded our best estimates of this impact as of and for the three months ended March 31, 2022, actual results in future periods could materially differ from those disclosed herein.

### **Non-GAAP Measures**

In presenting our results 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 U.S. generally accepted accounting principles ("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 March 31,			
	2022		2021	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 480.6		\$ 466.1	
Losses and loss adjustment expenses, as reported	\$ 283.6	59.0 %	\$ 307.6	66.0 %
Less:				
Favorable (unfavorable) prior accident year loss development	(3.4)	(0.7)%	(1.0)	(0.2)%
Catastrophe losses, including COVID-19	(8.7)	(1.8)%	(47.5)	(10.2)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 271.5	56.5 %	\$ 259.1	55.6 %
Expense ratio		36.0 %		37.8 %
Current accident year non-catastrophe combined ratio (non-GAAP)		92.5 %		93.4 %

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 related charges 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 March 31,			
	2022		2021	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 96.5	\$ 69.9	\$ 136.3	\$ 84.6
Liability	320.0	206.0	324.0	196.1
Professional	149.4	116.3	165.1	104.9
Specialty	154.7	88.4	131.1	80.5
Total	<u>\$ 720.6</u>	<u>\$ 480.6</u>	<u>\$ 756.5</u>	<u>\$ 466.1</u>

Gross written premiums decreased \$35.9 million, or 4.7%, for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021. The decrease in gross written premiums is primarily attributable to businesses we are exiting, including contract binding and excess and surplus (“E&S”) property businesses in the U.S. in addition to the exits of our London direct and facultative and North American binder business in our International Operations. Re-underwriting actions across our catastrophe exposed lines of business further contributed to this decrease. Both U.S. Operations and International Operations continued to see overall rate increases (mid single to low double digits) during 2021 and 2022.

Consolidated net earned premiums increased \$14.5 million, or 3.1%, for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021. The increase is primarily driven by business units in our U.S. Operations for which the segment observed a net earned premiums increase of \$22.0 million for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021. The main drivers of growth include Argo Pro, primarily driven by higher premium retention, and additional growth from surety, casualty, specialty programs and garage business units.

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 decreased \$6.7 million, or 15.1%, for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The decrease in net investment income was driven by a decrease in income from our alternative investment portfolio which includes earnings from both private equity and hedge fund investments. Our alternative investment portfolio, which is reported on a one to three-month lag, produced net investment income for the three months ended March 31, 2022 of \$13.6 million, compared to \$20.7 million for the same period ended March 31, 2021, primarily from lower returns on hedge funds and private equity investments.

Net investment income from fixed maturity assets held directly and dividends from equity securities increased slightly to \$24.1 million for the three months ended March 31, 2022, compared to \$23.7 million for the same period ended 2021, primarily due to an increase in invested assets.

### Net Realized Investment and Other Gains and Losses

Consolidated net realized investment and other gains and losses decreased \$47.6 million for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. Consolidated net realized investment and other losses of \$34.5 million for the three months ended March 31, 2022 included a loss of \$28.5 million relating to realizing historical foreign currency translation losses on the sale of our Brazilian operations, Argo Seguros Brasil S.A., which closed in February 2022. The foreign currency translation losses were previously recognized in accumulated other comprehensive income, resulting in no impact to total shareholders' equity from this reclassification. In addition, net realized investment and other gains and losses includes a \$6.7 million increase in the fair value of equity securities, \$1.0 million increase in credit losses on fixed maturities and \$11.7 million of net realized investment losses related to the sales of fixed maturity and equity securities.

### Loss and Loss Adjustment Expenses

Consolidated losses and loss adjustment expenses decreased \$24.0 million, or 7.8%, for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The consolidated loss ratio for the three months ended March 31, 2022 was 59.0%, 7.0 percentage points lower than 66.0% for the same period in 2021, driven by lower catastrophe losses including losses related to COVID-19 (8.4 percentage point decrease), partially offset by a higher current accident year non-catastrophe loss ratio (0.9 percentage point increase), and an increase in net unfavorable prior-year reserve development in 2022 as compared to 2021 (0.5 percentage points). Catastrophe losses for the three months ended March 31, 2022 of \$8.7 million are primarily attributable to losses associated with the Ukraine-Russia conflict and weather related losses in the U.S.

The unfavorable prior-year reserve development was due to \$5.0 million from our U.S. Operations and \$1.4 million in Run-off lines partially offset by \$3.0 million of favorable prior-year reserve development in International Operations. 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 three months ended March 31, 2022 with respect to net loss reserves by line of business as of December 31, 2021.

(in millions)	Net Reserves 2021	Net Reserve Development (Favorable)/ Unfavorable	Percent of 2021 Net Reserves
General liability	\$ 1,834.1	\$ 12.4	0.7 %
Workers compensation	280.5	(2.2)	(0.8)%
Syndicate and U.S. special property	181.8	(8.5)	(4.7)%
Syndicate liability	121.4	—	— %
Reinsurance - nonproportional assumed property	111.1	—	— %
Commercial multi-peril	208.8	—	— %
Syndicate marine and energy	77.9	—	— %
Commercial auto liability	98.4	6.3	6.4 %
Syndicate specialty	41.1	—	— %
Fidelity/Surety	25.0	(7.3)	(29.2)%
All other lines	143.1	2.7	1.9 %
Total	\$ 3,123.2	\$ 3.4	0.1 %

In determining appropriate reserve levels for the three months ended March 31, 2022, 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.

Consolidated gross reserves for losses and loss adjustment expenses were \$5,648.1 million (including \$114.3 million of reserves attributable to our Syndicate 1200 and 1910 trade capital providers) and \$5,595.0 million (including \$134.6 million of reserves attributable to our Syndicate 1200 and 1910 trade capital providers) as of March 31, 2022 and December 31, 2021, respectively. Our 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 decreased \$3.5 million, or 2.0%, for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The consolidated expense ratio was 36.0% in the first quarter of 2022 compared to 37.8% for the three months ended March 31, 2021. The expense ratio improved by 2.2% in U.S. Operations and 3.3% in International Operations. The acquisition expense ratio was 17.2% and general and administrative expense ratio was 18.8% in the first quarter of 2022 as compared to 17.0% and 20.8%, respectively, for the three months ended March 31, 2021. The improvement in the general and administrative expense ratio reflects continued execution of our expense reduction initiatives, primarily driven by a \$6.9 million decrease in general and administrative expenses in addition to growth in net earned premium for the three months ended March 31, 2022 compared to the three months ended March 31, 2021.

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

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

Non-operating expenses increased \$5.5 million, or 289.5%, for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The expenses incurred for the three months ended March 31, 2022 primarily relate to advisory fees, severance expenses and retention bonuses, and asset impairments.

These non-recurring costs are included in the line item *Non-operating expenses* in the Company’s Condensed Consolidated Statements of Income (Loss), and have been excluded from the calculation of our expense ratio.

#### **Interest Expense**

Consolidated interest expense increased \$0.7 million, or 13.7%, to \$5.8 million for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The year-over-year increase was primarily attributable to higher short-term rates in 2022.

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

Consolidated foreign currency exchange losses increased \$1.6 million for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021. The changes in the foreign currency exchange losses were due to fluctuations of the U.S. Dollar, on a weighted average basis, against the Canadian Dollar, Euro and the British Pound.

#### **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 Brazil, Ireland, Italy, Malta, Switzerland, United Kingdom, and U.S. operations. The consolidated provision for income taxes was \$13.0 million for the three months ended March 31, 2022, compared to the consolidated income tax provision of \$1.4 million for the same period ended 2021.

The consolidated effective tax rate was 109.7% for the three months ended March 31, 2022 compared to the consolidated effective tax rate of 4.3% for the same period ended 2021. The change in the effective tax rate for the three months ended March 31, 2022 was due to the jurisdictional mix of taxable income compared to the respective periods in 2021. The primary driver for the increased effective tax rate is the sale of our Brazil operations in February 2022 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. Excluding the sale of Brazil and other non-recurring items, the effective tax rate for the period ending March 31, 2022 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, Argo Group underwrites 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 and energy, 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. Realized investment gains and 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 March 31,	
	2022	2021
Gross written premiums	\$ 475.2	\$ 489.4
Earned premiums	\$ 336.4	\$ 314.4
Losses and loss adjustment expenses	206.2	195.6
Underwriting, acquisition and insurance expenses	107.7	107.5
Underwriting income (loss)	22.5	11.3
Net investment income	25.6	28.8
Interest expense	(3.9)	(3.6)
Fee and other income (expense), net	—	0.1
Non-operating expenses	(0.3)	—
Income before income taxes	\$ 43.9	\$ 36.6
GAAP Ratios:		
Loss ratio	61.3 %	62.2 %
Expense ratio	32.0 %	34.2 %
Combined ratio	93.3 %	96.4 %

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 March 31,			
	2022		2021	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 336.4		\$ 314.4	
Losses and loss adjustment expenses, as reported	206.2	61.3 %	195.6	62.2 %
Less:				
Favorable (unfavorable) prior accident year loss development	(5.0)	(1.5)%	0.4	0.1 %
Catastrophe losses, including COVID-19	(4.0)	(1.2)%	(20.9)	(6.6)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 197.2	58.6 %	\$ 175.1	55.7 %
Expense ratio		32.0 %		34.2 %
Current accident year non-catastrophe combined ratio (non-GAAP)		90.6 %		89.9 %

### Gross Written and Earned Premiums

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

	For the Three Months Ended March 31,			
	2022		2021	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 44.4	\$ 40.5	\$ 56.9	\$ 42.5
Liability	270.6	170.4	266.5	165.7
Professional	101.3	84.5	112.0	71.7
Specialty	58.9	41.0	54.0	34.5
Total	\$ 475.2	\$ 336.4	\$ 489.4	\$ 314.4

### Property

Gross written premiums for property decreased \$12.5 million, or 22.0%, for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 due to the sale of our contract binding and excess and surplus ("E&S") property business units. New business growth from the garage and inland marine business units partially offset this decrease. Net earned premium decreased for the three months ended March 31, 2022 compared to the same period in 2021 due to the sale of our contract binding and E&S property business.

### Liability

Gross written premiums for liability increased \$4.1 million, or 1.5%, for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The increase was primarily driven from the business units that write general liability, environmental and workers compensation lines. This was partially offset by the sale of the Contract Binding P&C business unit. The increase in net earned premium for the three months ended March 31, 2022 compared to the same period in 2021 was also a result of the increased production in general liability, environmental and workers compensation lines partially offset reductions from the Contract Binding P&C business unit and the grocery and retail business unit which was put into run off in the fourth quarter of 2020.

Professional

Gross written premiums for professional decreased \$10.7 million, or 9.6%, for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The decrease was driven by the ongoing remediation initiatives for certain errors and omission lines and by underwriting actions and structure changes for programs business. The increase in net earned premium for the three months ended March 31, 2022 compared to the same period in 2021 was driven by underlying growth across all products except for certain errors and omission lines which are undergoing remediation.

Specialty

Gross written premiums increased \$4.9 million or 9.1%, for the three months ended March 31, 2022 as compared to the March 31, 2021 due to growth achieved primarily in surety.

Loss and Loss Adjustment Expenses

Loss and loss adjustment expenses were \$206.2 million and \$195.6 million for the three months ended March 31, 2022 and 2021, respectively. The loss ratios for the three months ended March 31, 2022 and 2021 were 61.3% and 62.2%, respectively. The lower loss ratio in the first three months of 2022 was driven by a decrease in catastrophe losses (5.4 percentage point decrease), offset by an increase in the current accident year non-catastrophe loss ratio of 2.9 percentage points and unfavorable prior-year reserve development in 2022 versus small favorable prior-year reserve development in 2021 (1.6 percentage point increase).

The current accident year non-catastrophe loss ratios for the three months ended March 31, 2022 and 2021 were 58.6% and 55.7%, respectively. The current accident year non-catastrophe loss ratio for the three months ended March 31, 2022 was impacted by increased inflation and higher claims frequency due to the recovering economy.

Net unfavorable prior-year reserve development for the three months ended March 31, 2022 was \$5.0 million. The net unfavorable prior year reserve development for the three months ended March 31, 2022 primarily related to liability lines, including the impact of large losses, partially offset by favorable development in specialty lines. Net favorable prior-year reserve development for the three months ended March 31, 2021 was \$0.4 million and primarily related to favorable development in specialty lines, partially offset by unfavorable development in professional, liability and property lines.

Catastrophe losses for the three months ended March 31, 2022 and 2021 were \$4.0 million and \$20.9 million, respectively. Catastrophe losses for the three months ended March 31, 2022 were driven by U.S. storms. Catastrophe losses for the three months ended March 31, 2021 were driven by Winter Storm Uri.

Underwriting, Acquisition and Insurance Expenses

Underwriting, acquisition and insurance expenses were \$107.7 million for the three months ended March 31, 2022 as compared to \$107.5 million for the three months ended March 31, 2021. The expense ratio decreased to 32.0% for the three months ended March 31, 2022 as compared to 34.2% for the same period 2021. The decrease was primarily concentrated by a reduction in our general and administrative expense ratio driven by cost savings, partially offset by an increase in our acquisition expense ratio.

### International Operations

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

(in millions)	For the Three Months Ended March 31,	
	2022	2021
Gross written premiums	\$ 245.4	\$ 266.9
Earned premiums	\$ 144.2	\$ 151.5
Losses and loss adjustment expenses	76.0	110.6
Underwriting, acquisition and insurance expenses	54.9	62.7
Underwriting income (loss)	13.3	(21.8)
Net investment income	11.4	12.0
Interest expense	(1.7)	(1.4)
Fee and other (expense) income, net	0.8	(0.4)
Non-operating expenses	(1.1)	(0.2)
Income (loss) before income taxes	\$ 22.7	\$ (11.8)
GAAP Ratios:		
Loss ratio	52.7 %	73.0 %
Expense ratio	38.1 %	41.4 %
Combined ratio	90.8 %	114.4 %

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 March 31,			
	2022		2021	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 144.2		\$ 151.5	
Losses and loss adjustment expenses, as reported	76.0	52.7 %	110.6	73.0 %
Less:				
Favorable prior accident year loss development	3.0	2.1 %	—	— %
Catastrophe losses, including COVID-19	(4.7)	(3.3)%	(26.6)	(17.6)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 74.3	51.5 %	\$ 84.0	55.4 %
Expense ratio		38.1 %		41.4 %
Current accident year non-catastrophe combined ratio (non-GAAP)		89.6 %		96.8 %

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

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

(in millions)	For the Three Months Ended March 31,			
	2022		2021	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 52.1	\$ 29.4	\$ 79.4	\$ 42.1
Liability	49.4	35.6	57.3	30.2
Professional	48.1	31.8	53.1	33.2
Specialty	95.8	47.4	77.1	46.0
Total	<u>\$ 245.4</u>	<u>\$ 144.2</u>	<u>\$ 266.9</u>	<u>\$ 151.5</u>

#### **Property**

Gross written premiums for property decreased \$27.3 million, or 34.4%, for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The decrease in gross written premiums was primarily due to the sale of Ariel Re and a reduction in business produced by our European operations where we have stopped writing business. Net earned premiums for property decreased \$12.7 million for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 driven by the aforementioned reasons.

#### **Liability**

Gross written premiums for liability decreased \$7.9 million, or 13.8%, for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The reduction in gross written premiums was primarily due to lower premiums from our European operations where we have stopped writing business. Net earned premiums increased for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 driven by increased premium activity in Syndicate 1200 from the General Liability and Transactional Liability classes. This was partially offset by lower net earned premiums from our European operations.

#### **Professional**

Gross written premiums for professional lines decreased \$5.0 million, or 9.4%, for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The decrease in gross written premiums was driven by lower premium from our Brazilian business which was sold during the quarter. This was partially offset by growth in Syndicate 1200 Professional Indemnity class. The decrease in net earned premiums for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 was mainly due to a decline in earned premiums from our Brazilian business which was sold during the quarter.

#### **Specialty**

Gross written premiums increased \$18.7 million, or 24.3%, for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 primarily driven by growth in Syndicate 1200, arising from marine and energy and the political violence and war classes of business. The increase in net earned premiums for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 was driven by Syndicate 1200 due to the aforementioned premium growth and decreased use of third-party capital at Lloyd's.

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

Loss and loss adjustment expenses were \$76.0 million and \$110.6 million for the three months ended March 31, 2022 and 2021, respectively. The loss ratio for the first quarter of 2022 was 52.7% compared to 73.0% for the first quarter of 2021. The decrease in the loss ratio was driven by a decrease in catastrophe losses (14.3 percentage point decrease), a decrease in the current accident year non-catastrophe loss ratio (3.9 percentage point decrease), and net favorable prior-year reserve development in 2022 versus no prior-year development in 2021 (2.1 percentage point decrease).



The current accident year non-catastrophe loss ratios for the three months ended March 31, 2022 and 2021 were 51.5% and 55.4%, respectively. The improvement in 2022 primarily related to the results of re-underwriting actions across multiple divisions in Syndicate 1200. The current accident year non-catastrophe loss ratio also benefited from rate increases earning through premiums. In addition, 2021 included a 2.3 percentage point impact from large losses.

Net favorable prior-year reserve development was \$3.0 million for the first quarter of 2022, primarily related to favorable movements in catastrophe losses and Europe liability losses partially offset by unfavorable development in liability and professional losses in Argo Insurance Bermuda. There was no net prior-year reserve development for the first quarter of 2021 primarily due to favorable development in property lines offset by unfavorable development in professional lines driven by an individual large claim.

Catastrophe losses including from COVID-19, were \$4.7 million and \$26.6 million, for the three months ended March 31, 2022 and 2021, respectively. Catastrophe losses for the three months ended March 31, 2022 were due to the Ukraine-Russia conflict. Catastrophe losses for the three months ended March 31, 2021 included \$22.2 million from Winter Storm Uri and \$4.4 million associated with COVID-19, primarily resulting from contingency exposures.

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

Underwriting, acquisition and insurance expenses were \$54.9 million for the three months ended March 31, 2022 as compared to \$62.7 million the three months ended March 31, 2021. The expense ratio decreased to 38.1% for the three months ended March 31, 2022 as compared to 41.4% for the same period 2021. The acquisition expenses decreased due to our mix of business and an increase in ceding commissions. In addition, our general and administrative expense ratio decreased as a result of cost savings.

#### **Fee and Other Income/Expense**

Fee and other income/expense represent amounts we receive, and costs we incur, in connection with the management of third-party capital for our underwriting Syndicates at Lloyd's. Fee and other income was \$0.8 million for the three months ended March 31, 2022 as compared to \$0.4 million of expense for the same period in 2021.

#### **Run-off Lines**

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

(in millions)	For the Three Months Ended March 31,	
	2022	2021
Earned premiums	\$ —	\$ 0.2
Losses and loss adjustment expenses	1.4	1.4
Underwriting, acquisition and insurance expenses	0.1	0.3
Underwriting loss	(1.5)	(1.5)
Net investment income	0.7	0.8
Interest expense	(0.2)	(0.1)
Loss before income taxes	\$ (1.0)	\$ (0.8)

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

Losses and loss adjustment expenses for the three months ended March 31, 2022 and the three months ended March 31, 2021 were primarily the result of unfavorable loss reserve development in other run-off lines.

The following table represents a rollforward 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 Three Months Ended March 31,			
	2022		2021	
	Gross	Net	Gross	Net
Asbestos and environmental:				
Loss reserves, beginning of the year	\$ 63.8	\$ 54.5	\$ 59.2	\$ 50.6
Incurring losses	0.3	0.3	0.6	0.6
Losses paid	(2.3)	(1.7)	(3.1)	(2.7)
Loss reserves - asbestos and environmental, end of period	61.8	53.1	56.7	48.5
Risk-management reserves	160.8	98.1	160.7	93.9
Run-off reinsurance reserves	0.4	0.4	—	—
Other run-off lines	33.7	23.9	13.6	7.6
Total loss reserves - Run-off Lines	<u>\$ 256.7</u>	<u>\$ 175.5</u>	<u>\$ 231.0</u>	<u>\$ 150.0</u>

#### Underwriting, Acquisition and Insurance Expenses

Underwriting, acquisition and insurance expenses for the Run-off Lines consists primarily of administrative expenses. The decrease in insurance expenses for the three months ended March 31, 2022 as compared to the same period in 2021 was due to the Company’s expense reduction initiative.

## **Liquidity and Capital Resources**

### Cash Flows

The primary sources of our cash flows 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, purchases of investments, payment of common and preferred dividends and income taxes. Management believes that cash receipts from premiums, proceeds from investment sales and redemptions and investment income are sufficient to cover cash outflows in the foreseeable future. We believe we have access to additional sources of liquidity should the need for additional cash arise.

Our liquidity and capital resources were not materially impacted by COVID-19 and related economic conditions during 2021 and we do not anticipate that the pandemic will have a material impact on our liquidity and capital resources in the next twelve months based on current assumptions. However, there can be no assurance that the pandemic will not cause further disruption to our business or the global economy in that time period.

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 three months ended March 31, 2022 and 2021, cash used in operating activities was \$27.9 million compared to cash provided by operating activities of \$70.2 million, respectively. The increase in cash flows used in operating activities in 2022 compared to 2021 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 three months ended March 31, 2022 net cash provided by investing activities was \$50.0 million compared to net cash used in investing activities of \$50.0 million for the same period in 2021. The increase in cash provided by investing was mainly the result of the increase in the proceeds from sale of fixed maturities and short-term investments, partially offset by a decrease in cash used to purchase fixed maturities and an increase in the proceeds from maturities of fixed maturities. Additionally, we received \$22.7 million in net cash from the sale of Argo Seguros. As of March 31, 2022, \$421.1 million of the investment portfolio were invested in short-term investments.

For the three months ended March 31, 2022 and 2021, net cash used in financing activities was \$14.5 million and \$13.1 million, respectively. During 2022 and 2021, we did not repurchase any common shares. We paid dividends to our common shareholders totaling \$10.8 million during the three months ended March 31, 2022 and 2021, respectively. We paid cash dividends to our preferred shareholders totaling \$2.6 million during the three months ended March 31, 2022 and 2021, respectively.

### Revolving Credit Facility and Term Loan

On November 2, 2018, each of Argo Group, Argo Group US, Inc., Argo International Holdings Limited, and Argo Underwriting Agency Limited (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 2021 Form 10-K) to pay off the Term Loan in September 2020.

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. Lenders holding at least a majority of the loans and commitments under the Credit Agreement could 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.

On March 2, 2022, the parties to the Credit Agreement entered into Amendment No. 1 to the Credit Agreement, which replaced LIBOR with the Euro Interbank Offered Rate (“EURIBOR”) and the Sterling Overnight Index Average (“SONIA”) as the interest rate benchmark for borrowings denominated in Euros and in Sterling, respectively. This amendment also sets forth provisions for fallback rates in the event that EURIBOR and SONIA are not available. The USD LIBOR benchmark interest rate was not replaced or affected by this amendment as USD LIBOR remains effective until June 2023.

*Preferred Stock Dividends*

On May 5, 2022, 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 June 15, 2022 to our shareholders of record on May 31, 2022.

*Argo Group Common Shares and Dividends*

On May 5, 2022, the Board declared a quarterly cash dividend in the amount of \$0.31 on each share of common stock outstanding. The dividend will be paid on June 15, 2022 to our common shareholders of record on May 31, 2022.

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 December 31, 2021, availability under the 2016 Repurchase Authorization for future repurchases of our common shares was \$53.3 million.

*Senior Notes*

In September 2012, Argo Group International Holdings, Ltd. (the “Parent Guarantor”), through its subsidiary Argo Group U.S. (the “Subsidiary Issuer”), issued \$143.8 million aggregate principal amount of the Subsidiary Issuer’s 6.5% Senior Notes due September 15, 2042 (the “Notes”). The Notes are unsecured and unsubordinated obligations of the Subsidiary Issuer and rank equally in right of payment with all of the Subsidiary Issuer’s other unsecured and unsubordinated debt. The Notes are guaranteed on a full and unconditional senior unsecured basis by the Parent Guarantor. The Notes may be redeemed, for cash, in whole or in part at the Subsidiary Issuer’s option, at any time and from time to time, prior to maturity at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued but unpaid interest on the principal amount being redeemed to, but not including, the redemption date.

In accordance with Article 10 of SEC Regulation S-X, we have elected to present condensed consolidating financial information in lieu of separate financial statements for the Subsidiary Issuer. The following tables present condensed consolidating financial information as of and for the three months ended March 31, 2022, 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 MARCH 31, 2022**  
(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	\$ 36.0	\$ 3,752.6	\$ 1,282.9	\$ —	\$ 5,071.5
Cash	2.4	40.6	111.0	—	154.0
Accrued investment income	—	18.1	4.0	—	22.1
Premiums receivable	—	262.9	386.4	—	649.3
Reinsurance recoverables	—	1,919.6	938.3	—	2,857.9
Goodwill	—	118.5	28.8	—	147.3
Intangible assets, net	—	—	17.3	—	17.3
Current income taxes receivable, net	—	(10.9)	10.9	—	—
Deferred tax assets, net	—	67.7	31.5	—	99.2
Deferred acquisition costs, net	—	101.2	73.4	—	174.6
Ceded unearned premiums	—	322.6	172.3	—	494.9
Operating lease right-of-use assets	5.1	54.1	1.6	—	60.8
Other assets	7.0	108.8	116.3	—	232.1
Intercompany notes receivable	—	61.2	(61.2)	—	—
Investments in subsidiaries	1,623.4	—	—	(1,623.4)	—
<b>Total assets</b>	<b>\$ 1,673.9</b>	<b>\$ 6,817.0</b>	<b>\$ 3,113.5</b>	<b>\$ (1,623.4)</b>	<b>\$ 9,981.0</b>
<b>Liabilities and Shareholders' Equity</b>					
Reserves for losses and loss adjustment expenses	\$ —	\$ 3,807.1	\$ 1,841.0	\$ —	\$ 5,648.1
Unearned premiums	—	931.2	454.8	—	1,386.0
Funds held	—	281.9	(216.1)	—	65.8
Ceded reinsurance payable, net	—	152.2	425.7	—	577.9
Debt	28.4	284.7	142.9	—	456.0
Accrued underwriting expenses and other liabilities	6.2	87.7	73.5	—	167.4
Operating lease liabilities	5.3	62.1	1.6	—	69.0
Due to (from) affiliates	23.2	(1.6)	1.6	(23.2)	—
Intercompany note payable	—	—	—	—	—
<b>Total liabilities</b>	<b>63.1</b>	<b>5,605.3</b>	<b>2,725.0</b>	<b>(23.2)</b>	<b>8,370.2</b>
<b>Total shareholders' equity</b>	<b>1,610.8</b>	<b>1,211.7</b>	<b>388.5</b>	<b>(1,600.2)</b>	<b>1,610.8</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,673.9</b>	<b>\$ 6,817.0</b>	<b>\$ 3,113.5</b>	<b>\$ (1,623.4)</b>	<b>\$ 9,981.0</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 THREE MONTHS ENDED MARCH 31, 2022**  
(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:					
Earned premiums	\$ —	\$ 333.2	\$ 147.4	\$ —	\$ 480.6
Net investment income	—	33.6	4.1	—	37.7
Net realized investment (losses) gains	—	(0.7)	(33.8)	—	(34.5)
Total revenue	—	366.1	117.7	—	483.8
Expenses:					
Losses and loss adjustment expenses	—	203.8	79.8	—	283.6
Underwriting, acquisition and insurance expenses	1.8	113.6	57.5	—	172.9
Non-operating expenses	0.3	6.0	1.1	—	7.4
Interest expense	0.3	3.9	1.6	—	5.8
Fee and other expense (income), net	—	0.1	(0.9)	—	(0.8)
Foreign currency exchange losses	—	—	2.9	—	2.9
Total expenses	2.4	327.4	142.0	—	471.8
(Loss) income before income taxes	(2.4)	38.7	(24.3)	—	12.0
Provision (benefit) for income taxes	—	8.5	4.5	—	13.0
Net (loss) income before equity in earnings of subsidiaries	(2.4)	30.2	(28.8)	—	(1.0)
Equity in undistributed earnings of subsidiaries	1.4	—	—	(1.4)	—
Net income (loss)	\$ (1.0)	\$ 30.2	\$ (28.8)	\$ (1.4)	\$ (1.0)
Dividends on preferred shares	\$ 2.6	\$ —	\$ —	\$ —	\$ 2.6
Net income (loss) attributable to common shareholders	\$ (3.6)	\$ 30.2	\$ (28.8)	\$ (1.4)	\$ (3.6)

<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.

#### 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 Consolidated Financial Statements, included in Part I, Item 1 - “Consolidated Financial Statements (unaudited).”

##### Critical Accounting Estimates

Refer to “Critical Accounting Estimates” in the Company’s 2021 Form 10-K for information on accounting policies that we consider critical in preparing our 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.

### **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 3.06 years and 2.81 years at March 31, 2022 and December 31, 2021, 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 90.3% and 89.4% rated investment grade or better (BBB- or higher) at March 31, 2022 and December 31, 2021, 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 March 31, 2022:

Other Fixed Maturities	Book Value	Fair Value
AAA	\$ 679.5	\$ 660.7
AA	277.5	269.9
A	813.7	786.7
BBB	778.8	741.9
BB/B	194.9	189.2
CCC and Below	25.6	19.8
Unrated	116.3	115.7
Other Fixed Maturities	<u>\$ 2,886.3</u>	<u>\$ 2,783.9</u>
Structured Securities	Book Value	Fair Value
AAA	\$ 1,047.6	\$ 1,002.2
AA	105	100.6
A	124.4	121.2
BBB	58.9	56.9
BB/B	10.5	10.4
CCC and Below	0.4	0.5
Unrated	69.6	68.2
Structured Securities	<u>\$ 1,416.4</u>	<u>\$ 1,360.0</u>
Total Fixed Maturities	Book Value	Fair Value
AAA	\$ 1,727.1	\$ 1,662.9
AA	382.5	370.5
A	938.1	907.9
BBB	837.7	798.8
BB/B	205.4	199.6
CCC and Below	26	20.3
Unrated	185.9	183.9
Total Fixed Maturities	<u>\$ 4,302.7</u>	<u>\$ 4,143.9</u>

Our portfolio also includes alternative investments with a carrying value at March 31, 2022 and December 31, 2021 of \$452.5 million and \$387.2 million (8.9% and 7.3% 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.

#### Equity Price Risk

We hold a diversified portfolio of equity securities with a fair value of \$54.0 million and \$56.3 million (1.1% and 1.1% of total invested assets) at March 31, 2022 and December 31, 2021, 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, invested assets and to a lesser extent, a portion of our debt. 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. We recognized gains in the investment portfolio of \$1.6 million for the three months ended March 31, 2022 from movements in foreign currency rates. We recognized gains in the investment portfolio of \$1.3 million for the three months ended March 31, 2021 from movements in foreign currency rates. We recognized losses of \$6.4 million for the three months ended March 31, 2022 on our foreign currency forward contracts. We recognized losses of \$3.3 million for the three months ended March 31, 2021 on our foreign currency forward contracts.

### **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 March 31, 2022, 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.

There were no changes in internal control over financial reporting made during the quarter ended March 31, 2022 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**

#### *Other*

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.

### **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, 2021 (collectively, “2021 Form 10-K”), 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 in “Part I, Item 1A—Risk Factors” in the 2021 Form 10-K.

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

### 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, 2022 through March 31, 2022, 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 March 31, 2022, we have repurchased 11,315,889 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 March 31, 2022, availability under the 2016 Repurchase Authorization for future repurchases of our common shares was \$53.3 million.

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 March 31, 2022, we received 30,176 common shares, with an average price paid per share of \$41.52 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 March 31, 2022. 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)
January 1 through January 31, 2022	846	\$ 57.67	—	\$ 53,281,805
February 1 through February 28, 2022	175	\$ 42.06	—	\$ 53,281,805
March 1 through March 31, 2022	29,155	\$ 41.05	—	\$ 53,281,805
Total	30,176		—	

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

#### 2022 Annual General Meeting of Shareholders

On April 26, 2022, the Board of Directors approved the postponement of the 2022 annual general meeting of shareholders of the Company (the “2022 Annual General Meeting”) until the second half of 2022, as the Board of Directors believes it is in the best interests of all shareholders for the Company to conduct a strategic review process prior to holding the 2022 Annual General Meeting. As a result of such postponement, the Company anticipates that the 2022 Annual General Meeting will be held more than 30 days following the anniversary of the date of the Company’s 2021 annual general meeting of shareholders. The exact date, time and location of the 2022 Annual General Meeting will be set forth in the notice to shareholders in the Company’s proxy materials that will be filed in connection with the 2022 Annual General Meeting.

Pursuant to the Company’s Amended and Restated Bye-Laws, shareholder director nominations or other proposals for consideration at the 2022 Annual General Meeting that are not submitted for inclusion in the Company’s proxy materials pursuant to Rule 14a-8 under the Exchange Act must be submitted to the Company no later than 60 days prior to the date of the 2022 Annual General Meeting. If a shareholder wishes to submit a proposal for inclusion in the Company’s proxy statement for the 2022 Annual General Meeting pursuant to Rule 14a-8 under the Exchange Act, such proposal must be submitted a reasonable amount of time before the Company begins to print and send its proxy materials for the 2022 Annual General Meeting. The Company will announce the deadline for submitting shareholder proposals pursuant to Rule 14a-8 at a future time once a date for the 2022 Annual General Meeting has been set.

#### **Extension of Scott Kirk's Service Agreement**

Pursuant to the Retention Letter and Extension of Service Agreement with Argo Management Services Limited and Mr. Scott Kirk dated May 5, 2022 (the "Retention and Service Letter"), the parties agreed to amend Mr. Kirk's Service Agreement with Argo Management Services Limited, dated February 5, 2021 ("Service Agreement"), to extend the term of the Service Agreement until such time it is terminated by either party by providing the other with a one month's prior written notice of such termination (unless terminated earlier in accordance with the remaining terms of the Service Agreement). All the other terms of the Service Agreement remain in full force and effect. The foregoing is subject to and qualified in its entirety by the terms and conditions of the Retention and Service Letter, a copy of which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

**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
Exhibit Number	Description
10.1	<u>Argo Group International Holdings, Ltd. Executive Service Plan, effective January 1, 2021, amended and restated April 26, 2022†</u>
10.2	<u>Retention Letter and Extension of Service Agreement, dated May 5, 2022, by and between Scott Kirk and Argo Management Services Limited†</u>
10.3	<u>Form of U.S. Named Executive Officer Retention Award Agreement†</u>
10.4	<u>Argonaut Supplemental Executive Retirement Plan and subsequent amendments thereto dated each of September 2009, April 2010, and September 2010†</u>
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).

† A management contract or compensatory plan required to be filed herewith.

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.

May 6, 2022	By <u>/s/ Thomas A. Bradley</u> Thomas A. Bradley Interim Chief Executive Officer and Director
May 6, 2022	By <u>/s/ Scott Kirk</u> Scott Kirk Chief Financial Officer

**ARGO GROUP INTERNATIONAL HOLDINGS, LTD.  
EXECUTIVE SEVERANCE PLAN**

**Plan Document and Summary Plan Description**

**Effective January 1, 2021  
Amended and Restated April 26, 2022**

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## **ARTICLE 1**

### **FOREWORD**

#### Section 1.01 **Purpose of the Plan**

The purpose of the Argo Group International Holdings, Ltd. Executive Severance Plan, which became effective on January 1, 2021, amended and restated as of April 26, 2022, is to provide severance benefits to certain key employees of the Company and its affiliates whose employment is terminated under the circumstances described herein. Capitalized terms used throughout the Plan have the meanings set forth in Article Two, except as otherwise defined in the Plan or where the context clearly requires otherwise.

## **ARTICLE 2**

### **DEFINITIONS**

Where the following words and phrases appear in this Plan with initial capital letters, they shall have the meaning set forth below, unless a different meaning is plainly required by the context.

Section 1.01 “**Accounting Firm**” means a nationally recognized accounting firm or a nationally recognized consulting firm with expertise in the area of execution compensation tax law, which shall be designated by the Company.

Section 1.02 “**Affiliate**” means, with respect to any particular “person” or “group” (as those terms are used in Sections 13(d) and 14(d) of the Exchange Act), any other person or group controlling, controlled by or under common control with such particular person or group. A Subsidiary of the Company shall be an Affiliate of the Company.

Section 1.03 “**Amendment Date**” means April 26, 2022.

Section 1.04 “**Argo Group**” means the Company and its Affiliates.

Section 1.05 “**Base Salary**” means, with respect to a Participant and without regard to any reduction therein which constitutes Good Reason, if applicable, the Participant’s annual base salary in effect on the date of the Participant’s Separation from Service.

Section 1.06 “**Board**” means the Board of Directors of the Company.

Section 1.07 “**Cause**” means, with respect to a Participant, the Participant’s Separation from Service for any of the following:

- (i) other than as a result of the Participant having a disability, the Participant’s willful and continued failure to substantially perform the Participant’s duties with the Company within a reasonable period of time after a written demand for substantial performance is delivered to the Participant by the Company, which demand will specifically identify the manner in which the Company believes that the Participant has not substantially performed the Participant’s duties;
- (ii) the Participant’s entry of a plea of guilty or nolo contendere to, or judgment entered after trial finding the Participant guilty of, any felony or crime of moral turpitude (or local law equivalent);
- (iii) the Participant’s willful engagement in conduct that violates Argo Group’s written policies (including, but not limited to, Argo Group’s Code of

- Conduct & Business Ethics) or that the Participant knows or reasonably should know is materially detrimental to the reputation, character or standing or otherwise injurious to the Company or any of its shareholders, direct or indirect subsidiaries and affiliates, monetarily or otherwise;
- (iv) the Participant's willful unauthorized disclosure of Confidential Information; or
  - (v) a final ruling (or interim ruling that has not been stayed by appeal) in any state or federal court or by an arbitration panel that the Participant has breached the provisions of a non-compete or non-disclosure agreement, or any similar agreement or understanding, which would in any material way limit, as determined by the Company, the Participant's ability to perform the Participant's duties with the Company now or in the future.

The Participant will have 15 calendar days from the giving of written notice within which to cure and during which period the Company cannot terminate the Participant's employment for the stated reasons and, if so cured, after which the Company cannot terminate the Participant's employment for the stated reasons; provided, however, that this sentence will not apply with respect to events which by their nature cannot be cured.

Section 1.08 "Change in Control" shall have the meaning set forth in the Omnibus Incentive Plan or any successor plan to the Omnibus Incentive Plan.

Section 1.09 "Code" means the Internal Revenue Code of 1986, as amended and the proposed, temporary and final regulations promulgated thereunder. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation that amends, supplements or replaces such section or subsection.

Section 1.10 "Committee" means the Human Resources Committee of the Board.

Section 1.11 "Company," means Argo Group International Holdings, Ltd. a Bermuda exempt holding company or its successor or assignee (or both, or more than one of each or both).

Section 1.12 "Company Group" means, individually and collectively, (A) the Company; (B) any entity within Argo Group for which the Participant performs duties; and (C) any entity within Argo Group in relation to which the Participant has, in the course of his or her employment, (1) acquired knowledge of Argo Group's trade secrets or Confidential Information, (2) had material dealings with Argo Group's Customers or Prospective Customers, or (3) supervised directly or indirectly any employee having material dealings with Argo Group's Customers or Prospective Customers.

Section 1.13 "Company Services" means any services (including but not limited to technical and product support, technical advice, underwriting and customer services) supplied by the Company Group in the specialty property and/or casualty insurance business.

Section 1.14 "Customer" means any Person to whom or which the Company Group supplied Company Services and with whom or which: (A) the Participant had dealings pursuant to his or her employment, or (B) any employee who was under the direct or indirect supervision of the Participant had dealings pursuant to his or her employment, or (C) the Participant was responsible in a client management capacity on behalf of the Company, or (D) the Participant was provided access to Confidential Information regarding Company Services.

Section 1.15 "Director" means a member of the Board.

Section 1.16 “Effective Date” means January 1, 2021.

Section 1.17 “Employer” means the Company and the Subsidiaries.

Section 1.18 “ERISA” means the Employee Retirement Income Act of 1974, as amended.

Section 1.19 “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder. Reference to any section or subsection of the Exchange Act includes reference to any comparable or succeeding provisions of any legislation that amends, supplements or replaces such section or subsection.

Section 1.20 “Excise Tax” means, collectively, (i) the tax imposed by Code Section 4999 by reason of being “contingent on a change in ownership or control” of the Company, within the meaning of Code Section 280G, and (ii) any similar tax imposed by state or local law, and (iii) any interest or penalties with respect to any tax described in clause (i) or (ii).

Section 1.21 “Good Reason” means the occurrence on or after the date of a Change in Control and without the affected Participant’s written consent, of (i) a material reduction in the Participant’s Base Salary, (ii) a material reduction in the Participant’s annual target bonus opportunity, (iii), a material adverse alteration in the nature or status of the Participant’s responsibilities, duties or title from those in effect immediately prior to the Change in Control, including without limitation, if the Participant was, immediately prior to the Change in Control, an executive officer of a public company, the Participant ceasing to be an executive officer of a public company, (iv) a relocation of the Participant’s principal place of employment to a location more than fifty (50) miles from the Participant’s principal place of employment immediately prior to the Change in Control or (v) on or after the date of a Change in Control, the failure of a successor to assume and agree to perform the obligations under this Plan. Notwithstanding the occurrence of any of the foregoing events or circumstances, a resignation shall not be deemed to constitute resignation for Good Reason unless (x) the Participant gives the Employer a written notice of the purported Good Reason (no more than 90 days after the initial existence of such event or circumstance), (y) such event or circumstance has not been fully corrected (and the Participant has not been reasonably compensated to the written satisfaction of the Participant for any losses or damages resulting therefrom) within 30 days following the Employer’s receipt of such notice, and (z) if the Employer does not correct, the Participant ends employment not more than 30 days following the period to correct in the foregoing clause (y).

Section 1.22 “Omnibus Incentive Plan” means the Argo Group International Holdings, Ltd. 2019 Omnibus Incentive Plan, as it may be amended from time to time.

Section 1.23 “Participant” means each individual who has become a Participant under Section 3.01 and who has not ceased to be a Participant under Section 3.04.

Section 1.24 “Person” means any individual, firm, company, corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company or other entity of any kind.

Section 1.25 “Plan” means this Argo Group International Holdings, Ltd. Executive Severance Plan, as it may be amended from time to time, or any successor plan, program or arrangement thereto.

Section 1.26 “Prospective Customer” means any Person with whom or which Company Group shall have had negotiations or material discussions regarding the possible distribution, sale or supply of Company Services and with whom or which: (A) the Participant shall have had dealings pursuant to his or her employment, or (B) any employee who was under the direct or

indirect supervision of the Participant shall have had dealings pursuant to his or her employment, (C) the Participant was responsible in a client management capacity on behalf of the Company during the Restricted Period, or (D) the Participant was provided access to Confidential Information regarding Company Services during the Restricted Period.

Section 1.27 “Qualifying Termination” means a Participant’s Separation from Service initiated either by the Employer other than for Cause or by the Participant with Good Reason.

Section 1.28 “Release” means an agreement under which a Participant provides a legally binding release of claims against the Employer substantially in the form attached as Exhibit A hereto.

Section 1.29 “Release Consideration and Revocation Period” means the combined total of the Release Consideration Period and the Release Revocation Period.

Section 1.30 “Release Consideration Period” means the period of time specified by the Release, not to exceed forty-five (45) days, during which the affected Participant is permitted to consider whether or not to sign the Release.

Section 1.31 “Release Revocation Period” means the period of time specified by the Release, not to exceed seven (7) days, during which the Participant is permitted to revoke the executed Release.

Section 1.32 “Restricted Business” means (A) any person, firm, company or other organization primarily located in the United States engaged in the specialty property or casualty insurance business with annual gross written premiums in the range of \$2 to \$5 billion; or (B) the specialty property or casualty insurance division or business unit of any, firm, company or other organization, which division or business unit is primarily located in the United States and has annual gross written premiums in the range of \$2 to \$5 billion.

Section 1.33 “Restricted Employee” means any person who on the date of the Participant’s termination of employment by the Employer was at the level of director, manager, underwriter or salesperson with whom the Participant had material contact or dealings in the course of his or her employment during the Restricted Period.

Section 1.34 “Restricted Period” means the period of 12 months ending on the last day of the Participant’s employment with the Employer.

Section 1.35 “Restricted Services” means Company Services or any services of the same or of a similar kind.

Section 1.36 “Separation from Service” means a termination of employment for any reason from the Employer; provided, however, in respect of amounts that are Deferred Compensation, a Separation from Services means a “separation from service” from the affiliated companies as described under Code Section 409A(a)(2)(A) (i) and any governing Internal Revenue Service guidance and Treasury regulations. For this purpose, the term “affiliated companies” means the Employer and any affiliate with which any entity comprising the Employer is treated as a single employer under Code Section 414(b) or 414(c).

Section 1.37 “Severance Benefits” means the severance pay and the other benefits payable to a Participant pursuant to Article Four of the Plan.

Section 1.38 “Subsidiary” means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

Section 1.39 “Target Bonus” means, with respect to a Participant and without regard to any reduction therein which constitutes Good Reason, if applicable, the Participant’s target annual bonus pursuant to the annual cash incentive plan maintained by the Employer for the performance period in which the Qualifying Termination occurs; provided, that where a Participant’s target annual bonus is expressed as a percentage of Base Salary, then the Target Bonus shall be calculated by multiplying such percentage immediately prior to the date of the Qualifying Termination by the Participant’s Base Salary.

### **ARTICLE 3** **ELIGIBILITY AND PARTICIPATION**

#### **Section 1.01 Eligibility**

As of the Effective Date, the Committee has approved certain executives for participation in the Plan and has provided notice to each such executive of his or her selection for Plan participation in the manner provided by Section 7.08. Each Participant will be notified by the Committee as to the commencement date of his or her participation in the Plan. In order to participate in the Plan on the terms set forth as of the Amendment Date, each Participant must execute an agreement substantially in the form attached as Exhibit B hereto (the “Participation Agreement”). In addition, the Committee shall designate whether the Participant is a “Tier I Participant” or a “Tier II Participant” in the Participation Agreement. Without limiting the generality of the foregoing, if the Participant fails to execute the Participation Agreement in accordance with its terms, then the Participant shall continue to participate in and be subject to the terms and conditions of the Plan on the terms set forth as of the Effective Date.

#### **Section 1.02 Future Eligibility**

The Committee may approve additional executives as Participants subsequent to the Amendment Date and will provide notice to each such executive of his or her selection for Plan participation in the manner provided by Section 7.08.

#### **Section 1.03 Exclusive Benefits**

Any Severance Benefits payable to a Participant under this Plan will be paid solely in lieu of, and not in addition to, and will supersede any severance benefits payable under any offer letter, employment agreement, severance arrangement or other program or agreement on account of the Participant’s termination of employment with the Employer.

#### **Section 1.04 End of Participation**

An individual shall cease to be a Participant on the date on which the individual ceases to be an employee of the Employer other than by way of a Qualifying Termination. Except as provided in the next sentence, the Committee may, by resolution, discontinue an individual’s status as a Participant; provided, however, that no such discontinuance shall become effective (i) during the one-year period following the date on which advance written notice of such discontinuance is provided to the affected Participant in the manner specified in Section 7.08, or (ii) during the period beginning on the effective date of a Change in Control and ending 24 months after the effective date of such Change in Control. In the event that an individual incurs a Qualifying Termination while still a Participant, such individual shall remain a Participant until all compensation and benefits required to be provided to the Participant under the terms of the Plan on account of such Qualified Termination have been so provided.

**ARTICLE 4**  
**SEVERANCE BENEFITS**

Section 1.01 Qualifying Termination

(a) Eligibility. Upon a Qualifying Termination, a Participant shall be entitled to receive (i) the Base Salary accrued through the date on which the Participant's employment is terminated, (ii) any amounts owing to the Participant for reimbursement of expenses properly incurred by the Participant prior to the date on which the Participant's employment is terminated and which are reimbursable in accordance with the Employer's policies and procedures as in effect from time to time, and (iii) any other vested accrued benefits of the Participant under the plans, programs and arrangements of the Employer. In addition, a Participant will be eligible for the Severance Benefits described in this Section 4.01 upon a Qualifying Termination, subject to (i) the Participant executing the Participation Agreement in accordance with Section 3.01 and (ii) the Release requirement specified below. Within seven (7) days following the date of the Participant's Separation from Service, the Company shall provide the Participant with a Release. As a condition of receiving the Severance Benefits described in subsections (b), (c), (d) and (e), the Participant must execute and deliver the Release to the Company within the Release Consideration Period, the Release Revocation Period must expire without revocation of the Release by the Participant, and the Participant must comply with the restrictive covenants set forth in the Participation Agreement. In the event the Participant breaches one or more of such restrictive covenants, the Participant will forfeit any such Severance Benefits that have not been paid or provided to the Participant and must repay to the Company the amount (or equivalent cash value) of any such Severance Benefit that has been paid to the Participant.

(b) Severance Amount. The Company shall pay to the Participant an amount equal to 0.75 times the Base Salary (the "Severance Amount"); provided, however, that if the Participant's Qualifying Termination occurs within 24 months following the effective date of a Change in Control, then the Severance Amount shall instead be an amount equal to the following: for Tier I Participants, 1.50 times the sum of (i) the Base Salary and (ii) the Target Bonus; and for Tier II Participants, 1.00 times the sum of (i) the Base Salary and (ii) the Target Bonus. The Severance Amount shall be paid to the Participant in a lump sum within sixty (60) days following the date of the Participant's Separation from Service (except as provided in Section 4.02(d) and subject to the requirements of Section 4.02(e)).

(c) Pro-Rata Bonus for Year of Termination.

- (i) If, prior to a Change in Control the Participant's Qualifying Termination occurs after the end of the first quarter of the calendar year in which the Separation from Service occurs, the Company shall pay to the Participant a lump sum cash amount equal to the annual cash incentive payment to which the Participant would have been entitled under the annual cash incentive plan maintained by the Employer for the performance period containing the date of the Qualifying Termination, determined on the basis of actual achievement of the performance goals applicable under such plan for such performance period, multiplied by a fraction (i) the numerator of which equals the number of days in such performance period during which the Participant was employed by the Employer (rounded up to the next highest number of days in the case of a partial day of employment), and (ii) the denominator of which is the total number of days in such performance period (the "Actual Pro-Rata Bonus"). This amount shall be paid to the Participant in a lump sum on the later of (x) the date on which the Actual Pro-Rata Bonus would have been paid to the Participant under such plan but for the Participant's termination of employment during such

performance period, or (y) within sixty (60) days following the date of the Participant's Separation from Service (except as provided in Section 4.02(d) and subject to the requirements of Section 4.02(e)). For the avoidance of doubt, if prior to a Change in Control the Participant's employment terminates during the first quarter of a calendar year, the Participant shall not be entitled to receive a pro-rata bonus for the year of termination pursuant to this Section 4.01(c).

- (ii) Upon the Participant's Qualifying Termination occurring on or following a Change in Control, the Company shall pay to the Participant an amount equal to the Participant's Target Bonus, multiplied by a fraction (i) the numerator of which equals the number of days in such performance period during which the Participant was employed by the Employer (rounded up to the next highest number of days in the case of a partial day of employment), and (ii) the denominator of which is the total number of days in such performance period (the "CIC Pro-Rata Bonus"). The CIC Pro-Rata Bonus shall be paid to the Participant in a lump sum within sixty (60) days following the date of the Participant's Separation from Service (except as provided in Section 4.02(d) and subject to the requirements of Section 4.02(e)).

(d) Prior Year Bonus. If, on account of the Participant's termination of employment with the Employer, the Participant forfeits the Participant's right to earn a payment under an annual cash incentive plan maintained by the Employer for the performance period ending immediately prior to the date of such termination of employment, the Company shall pay to the Participant a lump sum cash payment equal to the amount of the annual cash incentive payment to which the Participant would have been entitled under such plan for such performance period but for the Participant's termination of employment, determined on the basis of actual achievement of the performance goals applicable under such plan for such performance period (the "Prior Year Bonus"). This amount shall be paid to the Participant in a lump sum on the later of (x) the date on which the Prior Year Bonus would have been paid to the Participant under such plan but for the Participant's termination of employment during such performance period, or (y) within sixty (60) days following the date of the Participant's Separation from Service (except as provided in Section 4.02(d) and subject to the requirements of Section 4.02(e)).

(e) COBRA. (US Participants only) Upon the Participant's Separation from Service, the Participant may elect health care coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). Subject to Section 4.02(d) and the requirements of Section 4.02(e), the Employer will pay for up to nine months (the "Continuation Period"), on an after-tax basis, the portion of the Participant's COBRA premiums for such coverage that exceeds the amount that the Participant would have incurred in premiums for such coverage under the Employer's health plan if then employed by the Employer; provided, however, that if the Participant's Qualifying Termination occurs within 24 months following the effective date of a Change in Control, then the Continuation Period shall instead be up to 18 months for Tier I Participants and up to 12 months for Tier II Participants; provided, further, that the Employer's obligation shall only apply to the extent COBRA coverage is elected and in effect during the Continuation Period. Following the end of the Continuation Period, the Participant will be responsible for the full amount of all future premium payments should he or she wish to continue COBRA coverage. However, if the Participant becomes eligible for group health coverage sponsored by another employer (regardless of whether such coverage is actually elected) or for any other reason the Participant's COBRA coverage terminates, the Employer shall not be obligated to pay any portion of the premiums provided hereunder for periods after the Participant becomes eligible for such other coverage or the Participant's COBRA coverage



terminates. The Participant shall have the obligation to notify the Employer if he or she becomes eligible for group health coverage sponsored by another employer.

(f) Equity Awards. The Participant's outstanding equity and equity-based awards shall be treated in the manner set forth in the Omnibus Incentive Plan and the applicable award agreements issued thereunder.

Section 1.02 Sections 409A and 457A

(a) Severance Benefits under the Plan are intended to comply with the applicable requirements of Section 409A of the Code ("Section 409A") and Section 457A of the Code ("Section 457A"), or the requirements for exemption from Section 409A or Section 457A, as applicable, and shall be construed and administered accordingly. In no event shall the Company, the Subsidiaries, or their respective directors, officers, employees and advisers be liable for any tax, penalty, or other loss in connection with any failure or alleged failure to comply with Section 409A or Section 457A, or an exemption therefrom. Sections 4.02(b), (c), (d) and (e) will apply to the extent Severance Benefits are non-exempt deferred compensation subject to the requirements of Section 409A ("Deferred Compensation"), as determined by the Company, notwithstanding anything in the Plan to the contrary.

(b) All references in the Plan to "termination of employment" or similar or correlative phrases shall be construed to require a Separation from Service from the Employer and from all other corporations and trades or businesses, if any, that would be treated as a "service recipient" with the Employer under Section 409A. Any written election by the Company for purposes of determining whether a "separation from service" has occurred under Section 409A (subject to any applicable limitations therein) shall be deemed part of this Plan.

(c) Any right to Deferred Compensation that would be paid in a series of installment payments is to be treated as a right to a series of separate payments.

(d) If a Participant is a "specified employee" at the relevant time (as determined by the Company in accordance with Section 409A) (the "Severance Event"), Deferred Compensation that would (but for this sentence) be payable within six months following such Severance Event shall instead be accumulated and paid, without interest, on the date that follows the date of such Severance Event by six (6) months and one day (or, if earlier, the date of the Participant's death). A "specified employee" means an individual who is determined by the Company to be a specified employee within the meaning of Section 409A. Any written election by the Company for purposes of determining "specified employee" status under Section 409A (subject any applicable limitations therein) shall be deemed part of the Plan.

(e) If the timing of the payment or commencement of Deferred Compensation is contingent upon the expiration of all applicable rights of revocation with respect to any Release and if the designated period within which such Release can be revoked begins in one calendar year and ends in the next calendar year, such Deferred Compensation shall be paid or commence, if at all, in the next calendar year.

(f) To the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts reimbursable to the Participant under this Plan shall be paid to the Participant on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to the Participant) during one year may not affect amounts reimbursable or provided in any subsequent year.

(g) With respect to any equity and equity-based awards held by the Participant that constitute Deferred Compensation, to the extent the payment of such awards is accelerated in connection with this Plan, the payment of such awards shall instead be made at the earliest time permitted that will not trigger a tax or penalty under Section 409A.

Section 1.03 Section 280G

(a) A Participant shall bear all expense of, and be solely responsible for, any Excise Tax; provided, however, that any payment or benefit received or to be received by the Participant (whether payable under the terms of this Plan or any other plan, arrangement or agreement with the Employer or any of its Affiliates) (collectively, the “Payments”) that would constitute a “parachute payment” within the meaning of Code Section 280G shall be reduced to the extent necessary so that no portion thereof shall be subject to the Excise Tax but only if, by reason of such reduction, the net after-tax benefit received by the Participant shall exceed the net after-tax benefit that would be received by the Participant if no such reduction was made.

(b) The “net after-tax benefit” shall mean (i) the Payments which the Participant receives or is then entitled to receive from the Employer that would constitute “parachute payments” within the meaning of Code Section 280G, less (ii) the amount of all federal, state and local income and employment taxes payable by the Participant with respect to the foregoing calculated at the highest marginal income tax rate for each year in which the foregoing shall be paid to the Participant (based on the rate in effect for such year as set forth in the Code as in effect at the time of the first payment of the foregoing), less (iii) the amount of Excise Tax imposed with respect to the payments and benefits described in (b)(i) above.

(c) All determinations under this Section 4.03 will be made by an Accounting Firm. The Accounting Firm shall be required, in part, to evaluate the extent to which payments are exempt from Section 280G as reasonable compensation for services rendered before or after the Change in Control. All fees and expenses of the Accounting Firm shall be paid solely by the Company. The Company will direct the Accounting Firm to submit any determination it makes under this Section 4.03 and detailed supporting calculations to both the Participant and the Company as soon as reasonably practicable following the Change in Control.

(d) If, the Accounting Firm determines that one or more reductions are required under this Section 4.03, such Payments shall be reduced in the order that would provide the Participant with the largest amount of after-tax proceeds (with such order, to the extent permitted by Code Sections 280G and 409A designated by the Participant, or otherwise determined by the Accounting Firm) to the extent necessary so that no portion thereof shall be subject to the Excise Tax, and the Company shall pay such reduced amount to the Participant. The Participant shall at any time have the unilateral right to forfeit any equity award in whole or in part.

(e) As a result of the uncertainty in the application of Code Section 280G at the time that the Accounting Firm makes its determinations under this Section 4.03, it is possible that amounts will have been paid or distributed to the Participant that should not have been paid or distributed (collectively, the “Overpayments”), or that additional amounts should be paid or distributed to the Participant (collectively, the “Underpayments”). If the Accounting Firm determines, based on either the assertion of a deficiency by the Internal Revenue Service against the Employer or the Participant, which assertion the Accounting Firm believes has a high probability of success or is otherwise based on controlling precedent or substantial authority, that an Overpayment has been made, the Participant must repay the Overpayment to the Company, without interest; provided, however, that no loan will be deemed to have been made and no amount will be payable by the Participant to the Company unless, and then only to the extent that, the deemed loan and payment would either reduce the amount on which the Participant is subject to tax under Code Section 4999 or generate a refund of tax imposed under Code Section

4999. If the Accounting Firm determines, based upon controlling precedent or substantial authority, that an Underpayment has occurred, the Accounting Firm will notify the Participant and the Company of that determination, and the Company will promptly pay the amount of that Underpayment to the Participant without interest.

(f) The parties will provide the Accounting Firm access to and copies of any books, records, and documents in their possession as reasonably requested by the Accounting Firm, and otherwise cooperate with the Accounting Firm in connection with the preparation and issuance of the determinations and calculations contemplated by this Section 4.03. For purposes of making the calculations required by this Section 4.03, the Accounting Firm may rely on reasonable, good faith interpretations concerning the application of Code Sections 280G and 4999.

#### Section 1.04 ERISA

(a) The Plan is established pursuant to, and governed by, ERISA. The Plan is intended to constitute a “severance pay arrangement” within the meaning of Section 3(2)(B)(i) of ERISA so as to be excepted from the definitions of “employee pension benefit plan” and “pension plan” set forth under section 3(2) of ERISA, and is intended to meet the descriptive requirements of a plan constituting a “severance pay plan” within the meaning of regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations § 2510.3-2(b). In the event that the Plan does not meet the requirements a “severance pay arrangement” or “severance pay plan” as described above, the Plan is intended to be “a plan which is unfunded and maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensation employees”, within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. The Plan shall be interpreted consistent with the foregoing.

(b) The benefits provided herein shall be funded by the Company’s general assets. The Plan shall constitute an unfunded mechanism for the Company to pay Plan benefits to the Participants determined to be eligible for payments hereunder. No fund or trust is created with respect to the Plan, and no Person shall have any security or other interest in the assets of the Company.

(c) The Company is the plan sponsor and “named fiduciary” of the Plan within the meaning of Section 402(a) of ERISA.

(d) This document is intended to serve as both the Plan’s legal plan document and summary plan description for all purposes under ERISA.

### **ARTICLE 5** **AMENDMENT AND TERMINATION**

Subject to the next sentence, the Committee shall have the right at any time and from time to time, by instrument in writing, to amend, modify, alter, or terminate the Plan in whole or in part. Notwithstanding the foregoing or anything in this Plan to the contrary, the Committee may not amend, modify, alter or terminate this Plan so as to adversely affect payments or benefits then payable, or which could become payable, to a Participant under the Plan, except to the minimum extent required to comply with any applicable law, (i) during the one-year period following the date on which advance written notice of such amendment, modification, alteration or termination is provided to the affected Participant in the manner specified in Section 7.08, or (ii) during the period beginning on the effective date of a Change in Control and ending 24 months after the effective date of such Change in Control.

**ARTICLE 6**  
**ERISA CLAIMS PROCEDURES**

**Section 1.01 Claim for Benefits**

If a Participant is not paid benefits under the Plan at the time of termination of his or her employment, any claim for benefits payable under the Plan must be made in writing and received by the Company within ninety (90) days of the Participant's termination of employment. Claims for benefits under the Plan shall be made in writing to the Company.

**Section 1.02 Denial of Claim**

If a claim for benefits is wholly or partially denied, the Company shall notify the claimant of the Plan's adverse benefit determination within a reasonable period of time, but not later than ninety (90) days after receipt of the claim by the Plan, unless the Company determines that special circumstances require an extension of time for processing the claim. If the Company determines that an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial ninety-day period. In no event shall such extension exceed a period of ninety (90) days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination. The period of time within which a benefit determination is required to be made shall begin at the time a claim is filed in accordance with the reasonable procedures established by the Committee, without regard to whether all the information necessary to make a benefit determination accompanies the filing.

**Section 1.03 Notice of Claim Denial**

The Company shall provide a claimant with written or electronic notification of any adverse benefit determination. Any electronic notification shall comply with the standards imposed by 29 CFR 2520.104b-l(c)(l)(i), (iii), and (iv). The notification shall set forth, in a manner calculated to be understood by the claimant: (i) the specific reason or reasons for the adverse determination; (ii) reference to the specific Plan provisions on which the determination is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (iv) a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review. Such notification shall provide the claimant the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits. The claimant shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits. A document, record, or other information shall be considered "relevant" to a claimant's claim if such document, record, or other information: (i) was relied upon in making the benefit determination; (ii) was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record, or other information was relied upon in making the benefit determination; or (iii) demonstrates compliance with the administrative processes and safeguards established by the Committee to ensure and to verify that benefit claim determinations are made in accordance with governing plan documents and that, where appropriate, the Plan provisions have been applied consistently with respect to similarly situated claimants.

**Section 1.04 Review of Denial**

Within sixty (60) days of the receipt by the claimant of written or permitted electronic notification of an adverse benefit determination, the claimant may file a written request with the

Committee that it conduct a full and fair review of the denial of the claimant's claim for benefits. A review by the Committee shall take into account all comments, documents, records, and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The period of time within which a benefit determination on review is required to be made shall begin at the time an appeal is filed in accordance with the reasonable procedures established by the Committee, without regard to whether all the information necessary to make a benefit determination on review accompanies the filing. In the event that a period of time is extended due to a claimant's failure to submit information necessary to decide a claim, the period for making the benefit determination on review shall be tolled from the date on which the notification of the extension is sent to the claimant until the date on which the claimant responds to the request for additional information.

#### Section 1.05 Decision on Review

The Committee shall notify a claimant, in accordance with Section 7.06 of the Plan, of its benefit determination on review of a claimant's appeal of an adverse benefit determination within a reasonable period of time, but not later than sixty (60) days after receipt of the claimant's request for review by the Committee, unless the Committee determines that special circumstances (such as the need to hold a hearing, if the Plan's procedures provide for a hearing) require an extension of time for processing the claim. If the Committee determines that an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial sixty-day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the determination on review.

#### Section 1.06 Notice of Decision on Review

The Committee shall notify the claimant of the benefit determination as soon as possible, but not later than five (5) days after the benefit determination is made with written or electronic notification of the Committee's benefit determination of the claimant's appeal of the benefit denial. Any electronic notification shall comply with the standards imposed by 29 CFR 2520.104b-1(c)(1)(i), (iii), and (iv). In the case of an adverse benefit determination, the notification shall set forth, in a manner calculated to be understood by the claimant: (i) the specific reason or reasons for the adverse determination; (ii) reference to the specific plan provisions on which the benefit determination is based; (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and (iv) a statement of the claimant's right to bring an action under section 502(a) of ERISA.

### **ARTICLE 7** **MISCELLANEOUS**

#### Section 1.01 Clawback

Notwithstanding any provision in the Plan to the contrary, any portion of the payments and benefits provided under the Plan, as well as any other payments and benefits which a Participant receives pursuant to an Argo Group plan or other arrangement, shall be subject to a clawback (a) to the extent necessary to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act or any Securities and Exchange Commission rule or (b) as provided for under any clawback policy adopted by the Company from time to time.

#### Section 1.02 Participant Rights

Except to the extent required or provided for by mandatorily imposed law as in effect and applicable hereto from time to time, neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving to any Participant or other person any legal or equitable right against the Employer, or any officer or employee thereof, or the Board or the Committee, except as herein provided; nor shall any Participant have any legal right, title or interest in the assets of the Employer, except in the event and to the extent that benefits may actually be payable to him or her hereunder. This Plan shall not constitute a contract of employment nor afford any individual any right to be retained or continued in the employ of the Employer or in any way limit the right of the Employer to discharge any of its employees, with or without cause. Participants have no right to receive any payments or benefits that the Employer is prohibited by applicable law from making.

Section 1.03 Plan Administration; Committee Authority

(a) The general administration of the Plan shall be vested in the Committee. For purposes of ERISA, the Committee shall be the “Plan Administrator” and shall be a “fiduciary” with respect to the administration of the Plan.

(b) The members of the Committee shall not receive compensation with respect to their services for the Committee in respect of this Plan. To the extent required by ERISA or other applicable law, or required by the Company, members of the Committee shall furnish bond or security for the performance of their duties hereunder. Any expenses properly incurred by the Committee incident to the administration, termination or protection of the Plan, including the cost of furnishing any bond or security, shall be paid by the Company.

(c) The Committee will administer the Plan and have the full authority and discretion necessary to accomplish that purpose, including, without limitation, the authority and discretion to:

- (i) resolve all questions relating to the eligibility of Participants;
- (ii) determine the amount of benefits, if any, payable to Participants under the Plan and determine the time and manner in which such benefits are to be paid;
- (iii) engage any administrative, legal, tax, actuarial, accounting, clerical, or other services it deems appropriate in administering the Plan;
- (iv) construe and interpret the Plan, supply omissions from, correct deficiencies in and resolve inconsistencies or ambiguities in the language of the Plan, resolve inconsistencies or ambiguities between the provisions of this document, and adopt rules for the administration of the Plan which are not inconsistent with the terms of the Plan document;
- (v) modify or supplement the terms of the Plan to the extent necessary to ensure that the Plan complies with local law;
- (vi) compile and maintain all records it determines to be necessary, appropriate or convenient in connection with the administration of the Plan;
- (vii) prepare, file and distribute, in such manner as the Committee determines to be appropriate, such information and material as is required by the reporting and disclosure requirements of ERISA; and

(viii) resolve all questions of fact relating to any matter for which it has administrative responsibility.

(d) The Committee shall perform all of the duties and may exercise all of the powers and discretion that the Committee deems necessary or appropriate for the proper administration of the Plan, including, but not limited to, delegation of any of its duties to one or more authorized officers. All references to the authority of the Committee in this Plan shall be read to include the authority of any party to which the Committee delegates such authority.

(e) Any failure by the Committee to apply any provisions of this Plan to any particular situation shall not represent a waiver of the Committee's authority to apply such provisions thereafter. Every interpretation, choice, determination or other exercise of any power or discretion given either expressly or by implication to the Committee shall be final, conclusive and binding upon all parties having or claiming to have an interest under the Plan or otherwise directly or indirectly affected by such action, without restriction, however, on the right of the Committee to reconsider and re-determine such action.

(f) Any decision, determination, or other action rendered or made by the Committee shall be final and binding upon the parties, and any review of such decision, determination or other action shall be limited to determining whether the decision, determination or action was so arbitrary and capricious as to be an abuse of discretion. It is intended that a court will give deference to any discretionary determination of the Committee when adjudicating any action or claim brought under Section 502 of ERISA that challenges such Committee determination.

(g) The Committee may adopt such rules and procedures for the administration of the Plan as are consistent with the terms hereof.

#### Section 1.04 Expenses

All Plan administration expenses shall be paid by the Company.

#### Section 1.05 Successors

(a) This Plan shall bind any successor of or to the Company, its assets or its businesses (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Company would be obligated under this Plan if no succession had taken place. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by this Plan, the Company shall require such successor expressly and unconditionally to assume and agree to perform the Company's obligations under this Plan, in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(b) The Plan shall inure to the benefit of and be binding upon and enforceable by the Company and the Participants and their personal and legal representatives, executors, administrators, successors, assigns, heirs, distributees, devisees and legatees. If a Participant should die while any amount would still be payable to the Participant hereunder had the Participant continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of Plan to the Participant's estate.

#### Section 1.06 Gender and Number

In determining the meaning of the Plan, words imparting the masculine gender shall include the feminine and the singular shall include the plural, unless the context requires otherwise. Unless otherwise stated, references to Sections are references to Sections of this Plan.

Section 1.07 References to Other Plans and Programs

Each reference in the Plan to any plan, policy or program, the Plan or document of the Employer or any of its Affiliates shall include any amendments or successor provisions thereto without the necessity of amending the Plan for such changes.

Section 1.08 Notices

Notices and all other communications contemplated by this Plan shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid or when sent by express U.S. mail or overnight delivery through a national delivery service (or an international delivery service in the case of an address outside the U.S.) with signature required. Notice to the Company, the Board or the Committee shall be directed to the attention of the General Counsel of the Company at the address of the Company's headquarters, and notice to a Participant shall be directed to the Participant as the most recent personal residence on file with the Company.

Section 1.09 No Duty to Mitigate

The Participant shall not be required to mitigate the amount of any payment provided pursuant to this Plan, nor shall the amount of any such payment be reduced by any compensation that the Participant receives from any other source, except as provided in this Plan.

Section 1.10 Withholding of Taxes

The Employer may withhold from any amount payable or benefit provided under this Plan such Federal, state, local, foreign and other taxes as are required to be withheld pursuant to any applicable law or regulation.

Section 1.11 Choice of Law; Jurisdiction

All questions or disputes concerning this Plan shall be governed by and construed in accordance with ERISA or, to the extent not preempted by ERISA, in accordance with the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. To the extent applicable, the Participants hereby: (i) submit to the non-exclusive jurisdiction of any federal court sitting in the State of New York in any action or proceeding arising out of or relating to this Plan; and (ii) agree that all claims in respect of such action or proceeding may be heard or determined in any such court. The Employer and the Participants hereby waive any defense of inconvenient forum to the maintenance of any action or proceeding so brought. The Employer and the Participants hereby agree that a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law.

Section 1.12 Waiver of Jury Trial; Legal Fees

(a) The Employer and the Participants agree that any action, demand, claim or counterclaim relating to the terms and provisions of this Plan, or to its breach, may be commenced in federal court in the State of New York. The Employer and the Participants further agree that any action, demand, claim or counterclaim shall be resolved by a judge alone, and the Employer and the Participants hereby waive and forever renounce that right to a trial before a civil jury.



(b) Without limiting the generality of the foregoing, on or following a Change in Control, the Company shall pay to the Participant all legal fees and expenses incurred by the Participant in disputing in good faith any issue under the Plan relating to the termination of the Participant's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Plan or in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit provided under the Plan. Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

#### Section 1.13 Validity/Severability

If any provision of this Plan or the application of any provision to any person or circumstances is held invalid, unenforceable or otherwise illegal, the remainder of this Plan and the application of such provision to any other person or circumstances will not be affected, and the provision so held to be invalid or unenforceable will be reformed to the extent (and only to the extent) necessary to make it enforceable or valid. To the extent any provisions held to be invalid or unenforceable cannot be reformed, such provisions are to be stricken here from and the remainder of this Plan will be binding on the Parties and their successors and assigns as if such invalid or illegal provisions were never included in this Plan from the first instance.

#### Section 1.14 Miscellaneous

No waiver by a Participant or the Employer at any time of any breach by the other party of, or compliance with, any condition or provision of this Plan to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party that are not expressly set forth in this Plan.

#### Section 1.15 Source of Payments

All payments provided under this Plan, other than payments made pursuant to any Employer employee benefit plan which provides otherwise, shall be paid in cash from the general funds of the Company, and no special or separate fund shall be required to be established, and no other segregation of assets required to be made, to assure payment. To the extent that any person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of an unsecured creditor of the Company.

#### Section 1.16 Survival of Provisions

Notwithstanding any other provision of this Plan, the rights and obligations of the Company and the Participants under Article Four and Sections 7.06 through 7.16 will survive any termination or expiration of this Plan or the termination of the Participant's employment for any reason whatsoever.

#### Section 1.17 ERISA Rights Statement

Plan Participants are entitled to certain rights and protections under ERISA. ERISA provides that all Plan Participants will be entitled to:

- (a) *Receive Information About Your Plan and Benefits*

Examine, without charge, at the Plan Administrator's office and at other specified locations, all Plan documents, including the Plan and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of Plan documents, including the Plan and copies of the latest annual report (Form 5500 Series). The Plan Administrator may require a reasonable charge for the copies.

(b) *Prudent Actions by Plan Fiduciaries*

In addition to creating rights for Plan Participants ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

(c) *Enforce Your Rights*

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of the Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in a Federal court.

If it should happen that the Plan fiduciaries misuse the Plan's money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous. However, no legal action may be commenced or maintained against the Plan prior until after you exhaust the Plan's claims procedures, which are described in Article Seven.

(d) *Assistance with Your Questions*

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Section 1.18 General Plan Information

The following details are provided to for Participants' information and possible use:

Name of Plan:	
Type of Plan:	
Plan Sponsor:	
Plan Year:	
Recordkeeping:	
Source of Contributions:	
Plan Administrator:	
Agent for Service of Legal Process:	
Plan Sponsor EIN:	
Plan Number:	

**Exhibit A**

**FORM OF  
SEPARATION AGREEMENT AND GENERAL RELEASE<sup>1</sup>**

This SEPARATION AGREEMENT AND RELEASE (this “Agreement”) is entered into by and between [EMPLOYER] (the “Company,” and together with its parents, subsidiaries and affiliates, the “Argo Group”) and [EMPLOYEE NAME] (“I” or “my” or “me”) (each, individually, a “Party,” and collectively, the “Parties”). The Parties agree as follows:

**1. SEPARATION BENEFITS**

- (a) **In General:** My employment with the Company terminated on [DATE] (“Termination Date”). As of the Termination Date, I have not represented and will not represent myself as being an employee, officer, attorney, agent, or representative of the Company for any purpose. The Company promises to pay me the amounts or benefits set forth in this Agreement, that are conditioned on my signing this Agreement no later than [twenty-one (21) OR forty-five (45)] days after I receive this Agreement (“Consideration Period”). This Agreement will be null and void if I do not sign it on or before the expiration of the Consideration Period, or if I timely revoke my consent to it as permitted by Section 4.
- (b) **Sufficiency of Consideration:** I acknowledge and agree that the sums and benefits to be provided under the terms of this Agreement are, in significant and substantial part, in addition to anything of value to which I am otherwise entitled.
- (c) **Cash Payment:** In accordance with Section 4.01(b) of the Argo Group International Holdings, Ltd. Executive Severance Plan (the “Severance Plan”), as consideration for signing and complying with the terms of this Agreement at all times, and subject to the terms and conditions of the Severance Plan, I will receive a lump sum payment in the gross amount of [INSERT AMOUNT], less all required local, state, and federal tax deductions, the receipt and sufficiency of which is hereby acknowledged, within sixty (60) days of the Termination Date.
- (d) **Compensation and Benefit Plans:** I agree and acknowledge that I have received all compensation due to me through my Termination Date. As of the Termination Date, I ceased to be eligible to participate under any applicable stock option, bonus, incentive compensation, commission, medical, dental, life insurance, retirement, or any other compensation or benefit plan of the Company following my termination of employment, per applicable plan terms. Thereafter, I acknowledge that I have no rights under any of those plans, except as follows:
  - (i) [In accordance with Section 4.01(c) of the Severance Plan, as consideration for signing and complying with this Agreement at all times, and subject to the terms and conditions of the Severance Plan, I will be entitled to a lump sum cash payment of [INSERT AMOUNT], which is equal to the amount of the annual cash incentive payment for calendar year [INSERT YEAR OF TERMINATION] (the “Performance Period”) but for my termination, prorated for the number of days I was employed]

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<sup>1</sup> **Note to Draft:** Form to be revised in the event other applicable laws and/or jurisdictions apply.

by the Company during the Performance Period.<sup>2</sup> This amount shall be paid to me in lump sum [INSERT relevant timing].<sup>3</sup>

- (ii) [In accordance with Section 4.01(d) of the Severance Plan, as consideration for signing and complying with this Agreement at all times, and subject to the terms and conditions of the Severance Plan, I will be entitled to a lump sum cash payment of [INSERT AMOUNT], which is equal to the amount of the annual cash incentive payment for calendar year prior to the Termination Date. This amount shall be paid to me in lump sum on the date which the annual bonuses are paid under the annual cash incentive plan, or if later, within sixty (60) days of the Termination Date.]
- (iii) Any sponsored medical and/or dental, vision, flexible spending plans, or Employee Assistance Program (EAP) benefits will end on [DATE].
- (iv) In accordance with Section 4.01(e) of the Severance Plan, as consideration for signing and complying with this Agreement at all times, if I elect to continue my employer-sponsored medical, dental, vision, flexible spending plans, or EAPs benefits via the Consolidated Omnibus Budget Reconciliation Act (COBRA):
  - A. My monthly premium for the Argo Group – sponsored medical and/or dental plan coverage through [DATE] (“COBRA Contribution Period”) will continue to be equal to the bi- weekly payroll deductions that active employees pay, converted to a monthly amount. Thereafter, I will be responsible for the full COBRA premium if I wish to continue coverage.
  - B. The tobacco user surcharge, and the wellness surcharge for failure to participate in a remediation program if I missed the markers, will not be added to the COBRA premium.
  - C. The Employee Assistance Program (“EAP”) may also be continued through COBRA – at no cost to me – during the COBRA Contribution Period.
- (v) If I am not eligible for COBRA, become ineligible, or fail to make timely elections and payments as required for coverage continuation under COBRA, my coverage will end.
- (vi) The reduced premium will only be available for the medical, and dental, vision, or flex spending plans in which I am enrolled upon my termination of employment, and family members enrolled as of my date of termination of employment as long as they remain eligible.
- (vii) I will have the right to COBRA continuation coverage as to any Company-provided medical, dental, vision, or flexible spending plans, or EAP benefits in which I participate, which means that I will be entitled to buy

<sup>2</sup> Note to Draft: Pro-rated amount to be based on actual level performance, but if on or after a Change in Control, based on the target level of performance. See Section 4.01(c) of Severance Plan.

<sup>3</sup> Note to Draft: Insert the following if Section 4.01(c)(i) applies: “on the date which the annual bonuses are paid under the annual cash incentive plan, or if later, within sixty (60) days of the Termination Date”. Insert the following if Section 4.01(c)(ii) applies: “within sixty (60) days of the Termination Date”.

continued health plan coverage under the normal COBRA health care continuation rules and plan terms.

- (viii) I will retain my vested benefits under all applicable qualified and non-qualified retirement plans of the Company, and all rights associated with such benefits, as determined under plan terms.

## 2. COMPLETE RELEASE

- (a) **Release of Claims:** I, on behalf of myself and my heirs, executors, administrators, successors and/or assigns, hereby voluntarily, knowingly and willing, irrevocably and unconditionally release and forever discharge the Company, its affiliates, partnerships or joint ventures, and with respect to each, all of their past and present employees, officers, directors, agents, owners, shareholders, equityholders, partners, representatives, members an attorneys, and all of their successors and assigns (collectively, the “Released Parties”), from any and all claims, charges, complaints, demands, causes of action, liabilities, obligations, promises, agreements, rights, costs, losses, debts and expenses whether known or unknown, suspected or unsuspected (hereinafter, the “Claims”) of any nature whatsoever, that I or my heirs, executors, administrators, successors or assigns ever had, now have or hereafter can, will or may have (either directly, indirectly, derivatively or in any other representative capacity) by reason of any matter, cause or thing whatsoever: arising from the beginning of time through the date upon which I sign this Agreement, including but not limited to any such Claims (i) relating to or arising out of my employment with the Company or any Released Party, including, without limitation, relating to the benefits provided pursuant to the Severance Plan and (ii) arising under any or all federal, state and local laws or regulations, including, but not limited to, the following, each as may be amended and as may be applicable, including each of their respective implementing regulations: the Age Discrimination in Employment Act (“ADEA”), Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Older Workers Benefit Protection Act; the Americans with Disabilities Act; the Rehabilitation Act of 1973; the Immigration and Reform Control Act; the Sarbanes-Oxley Act; the Worker Adjustment and Retraining Notification Act; the Fair Credit Reporting Act; the Equal Pay Act; the Employee Retirement Income Security Act; the Uniformed Services Employment and Reemployment Rights Act; the Equal Pay Act; the False Claims Act; Sections 1981 through 1988 of Title 42 of the United States Code; the Occupational Safety and Health Act; the Family Medical Leave Act (“FMLA”); the New York Labor Law; the New York State Human Rights Law; the New York Civil Rights Law; Section 125 of the New York Workers’ Compensation Law; Article 23-A of the New York Correction Law; the New York City Human Rights Law; the New York City Earned Sick Leave Law; [the Georgia Equal Pay Act; the Georgia Prohibition of Age Discrimination in Employment Act; the Georgia Equal Employment for Persons with Disabilities Code]; [the Illinois Right to Privacy in the Workplace Act; the Illinois Union Employee Health and Benefits Protection Act; the Illinois Employment Contract Act; the Illinois Labor Dispute Act; the Illinois Victims’ Economic Security and Safety Act; the Illinois Equal Pay Act; the Cook County Human Rights Ordinance; the Chicago Human Rights Ordinance]; [the Michigan Persons with Disabilities Civil Rights Act; the Payment of Wages and Fringe Benefits Act; the Michigan Whistleblowers’ Protection Act; the Michigan Occupational Safety and Health Act; the Michigan Bullard-Plawecki Employee Right to Know Act; the Michigan Social Security Number Privacy Act; the Michigan Sales Representatives Commission Act; and the Michigan Internet Privacy Protection

Act]; [the Minnesota Human Rights Act; the Minnesota Equal Pay for Equal Work Law; the Minnesota Age Discrimination Act; the Minnesota Whistleblower Act]; [the New Jersey Law Against Discrimination; the New Jersey Conscientious Employee Protection Act; the New Jersey Family Leave Act; the New Jersey Security and Financial Empowerment Act; the New Jersey Family Leave Insurance provisions of the New Jersey Temporary Disability Benefits Law; the New Jersey Wage Payment Law; the New Jersey Wage and Hour Law; the New Jersey Workers' Compensation Laws' anti-retaliation provisions]; [the North Carolina Equal Employment Practices Act; the North Carolina Retaliatory Employment Discrimination Act; the North Carolina Persons with Disabilities Protection Act; the North Carolina Sickle Cell and Hemoglobin Trait Discrimination Act; the North Carolina Genetic Testing and Information Discrimination Act; the North Carolina Use of Lawful Products Discrimination Act; the North Carolina AIDS and HIV Status Discrimination Act; the North Carolina Jury Service Discrimination Act; the North Carolina Military Service Discrimination Act]; [Chapter 21 of the Texas Labor Code; the Texas Anti-Retaliation Act; the Texas Whistleblower Act]; and/or any other federal, state, local or foreign law (statutory, regulatory or otherwise) that may be legally waived and released. I acknowledge and agree that the released Claims include any that have been or may hereafter be asserted on my behalf in any class or collective action relating to my employment and/or the termination of my employment with the Company ("Class/Collective Action"). Accordingly: (a) I waive any right to participate in any Class/Collective Action, including serving as a class representative or named plaintiff; and (b) I waive any right to receive notice of any pending or resolved Class/Collective Action. In the event that I am included or identified as a member or potential member of a class or collective in Class/Collective Action, I agree to (i) opt out of such proceeding after learning of my inclusion by executing without objection or delay any opt out form presented to me, and/or (ii) not to opt in to such proceeding.

- (i) Notwithstanding the foregoing, the Company and I recognize that this Agreement does not release, discharge or bar any Claims (i) with respect to my right to enforce, or bring any Claim for breach of, the terms of this Agreement, (ii) that may not be waived by private agreement under applicable law, such as claims for workers' compensation or unemployment insurance benefits, (iii) with respect to indemnification, contribution, advancement of expenses and/or coverage under any director and officer or other insurance policy, including pursuant to any written agreement or corporate governance document or limited partnership agreement of any Released Party, (iv) with respect to COBRA, pension, retirement or similar benefits subject to the terms of the Employee Retirement Income Security Act of 1974, as amended, or other vested rights under the Company's welfare and retirement plans. Nothing in this Release prohibits or restricts my right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, or (v) any rights I may have in respect of any limited partnership units or other equity interest in any Released Party, subject to the terms of the governing documents of such Released Party and any applicable grant agreement.
- (b) **Unknown Claims:** I understand that I am releasing Claims that I may not know about. That is my knowing and voluntary intent, even though I recognize that someday I might learn that some or all of the facts I currently believe to be true

are untrue and even though I might then regret having signed this Agreement. Nevertheless, I am assuming that risk and I agree that this Agreement shall remain effective in all respects in any such case. I expressly waive all rights I might have under any law that is intended to protect me from waiving unknown claims. I understand the significance of doing so.

### 3. PROMISES, WARRANTIES, AND REPRESENTATIONS

- (a) **Employment Termination:** I understand and agree that I am separated from service and my employment with the Company ended forever on my Termination Date. I also understand and agree that I have no right of rehire or reinstatement with any Released Party, regardless of location, and that the Released Parties are under no obligation to rehire or reinstate me. I also acknowledge and understand that the failure of a Released Party to rehire or reinstate me is contractual and not unlawful discrimination or retaliation. I acknowledge that I have (1) received all compensation due me as a result of services performed for the Company with the receipt of my final paycheck; (2) reported to the Company any and all work-related injuries or occupational disease incurred by me during my employment by the Company; (3) been properly provided any leave requested under the FMLA or similar state local laws and have not been subjected to any improper treatment, conduct or actions due to a request for or taking such leave; (4) had the opportunity to provide the Company with written notice of any and all concerns regarding suspected ethical and compliance issues or violations on the part of the Company or any other released person or entity; and (5) reported any pending judicial and administrative complaints, claims, or actions I filed against the Company or any other released person or entity; and (6) except as otherwise provided in this Agreement or provided by law, all other employment-related benefits terminated as of the Termination Date. I will not be entitled to compensation for any bonus plan, savings plan, incentive plan or benefit not specifically mentioned within this Agreement.
- (b) **Company Property:** Before I am entitled to accept any monetary payments from the Company pursuant to this Agreement, I acknowledge my obligation to return, and shall return to the Company all files, memoranda, documents, records, electronic records, software, copies of the foregoing, credit cards, keys, computers, mobile devices and any other property of the Company or its affiliates in my possession.
- (c) **Taxes:** I am responsible for paying any taxes on amounts I receive because I signed this Agreement. I agree that the Company may withhold all taxes it determines it is legally required to withhold, except as expressly otherwise provided in Section 1. Neither the Company nor any Released Party has made any representation about the tax consequences of any amount received by me pursuant to this Agreement, other than in this paragraph.
- (d) **Ownership of Claims:** I have not assigned or transferred any Claim I am releasing, nor have I purported to do so. I understand and agree that in addition to any other remedies, rights or defenses that may be available to the Released Parties by virtue of this Agreement or my breach hereof, I agree that I will pay the reasonable attorneys' fees, costs, expenses and any damages the Released Parties incur as a result of my breach of this representation or if this representation was false when made.



- (e) **Implementation:** I agree to sign any documents and do anything else that is necessary in the future to implement this Agreement.
- (f) **Post-Employment Obligations:** I understand and acknowledge that any post-employment obligations, including but not limited to my non-solicitation and confidentiality obligations, and including specifically those set forth in the Participation Agreement (as defined in the Severance Plan) which incorporated fully into, and not superseded by, this Agreement, remain in full force and effect.

#### 4. REVIEW AND REVOCATION

- (a) **Review:** I acknowledge that I was and am by this Agreement advised in writing to consult with an attorney prior to signing this Agreement. I further acknowledge that (1) I carefully read this Agreement; (2) I fully understand this Agreement; and (3) I am entering into this Agreement knowingly and voluntarily. I acknowledge that the Company encouraged me to discuss this Agreement with an attorney (at my own expense) before signing it, that I sought such advice to the extent I deemed appropriate, and that such review period began on my Termination Date. I agree with the Company that changes to the offer or the language in this Agreement, whether material or immaterial, do not restart the running of the Consideration Period.
- (b) **Consideration and Revocation Periods, Other Information:** I acknowledge that I have [twenty-one (21) OR forty-five (45) days]<sup>4</sup> to consider whether to sign this Agreement. The Company hereby advises me of my right to consult with an attorney regarding the provisions of this Agreement. I understand that I must return this signed Agreement to the Company's representative, [INSERT applicable info] by the end of the Consideration Period. If I choose to sign and return this Agreement before the end of the Consideration Period, it is because I freely chose to do so after carefully considering its terms. Additionally, I understand and acknowledge that I shall have [seven (7) or fifteen (15) days]<sup>5</sup> from the date of the signing of this Agreement to revoke my release of ADEA claims (the "Revocation Period") by delivering a written notice of such revocation within the Revocation Period to the company representative stated above. In the event of such revocation, the Company has the option at its discretion to treat this Agreement as null and void in its entirety. If the revocation period expires on a weekend or holiday, I will have until the end of the next business day to revoke. Any unauthorized modification or alteration of any terms of this Agreement by me voids this Agreement in its entirety. I acknowledge that this Agreement shall be deemed null and void in its entirety in the event that I fail to execute it on or before [INSERT DATE THAT IS 21/45 DAYS FROM DATE HE RECEIVED THIS AGREEMENT].

#### 5. MISCELLANEOUS

- (a) **Entire Agreement:** This is the entire Agreement between the Company and me. Any rights I may have had under any prior agreement between or directly involving the Company and me are superseded by this Agreement, except as specifically set forth herein and except that any prior agreements related to inventions, business ideas, confidentiality of corporate information, and unfair competition remain intact. [NTD: Review any other agreements signed by the

<sup>4</sup> Note to Draft: 45 days is required in the case of a group termination.

<sup>5</sup> Note to Draft: 15 days required for employees in Minnesota.

Employee, to determine whether and to what extent to incorporate by reference.] This Agreement may not be modified or canceled (subject to the Parties' revocation-related rights) in any manner except in writing signed by both an authorized Company official and me. I acknowledge that the Company has made no representations or promises to me other than those in this Agreement. If any provision in this Agreement is found to be unenforceable, all other provisions will remain fully enforceable. The provisions of this Agreement are severable, and if any part of this Agreement except Section 2 is found by a court of law to be unenforceable, the remainder of this Agreement will continue to be valid and effective.

- (b) **Successors:** This Agreement binds my heirs, administrators, representatives, executors, successors, and assigns, and will inure to the benefit of all Released Parties and their respective heirs, administrators, representatives, executors, successors, and assigns.
- (c) **Interpretation:** This Agreement shall be construed as a whole according to its fair meaning. It shall not be construed strictly for or against me or any Released Party. Unless the context indicates otherwise, the singular or plural number shall be deemed to include the other. Captions are intended solely for convenience of reference and shall not be used in the interpretation of this Agreement.
- (d) **Non-Admission:** That Parties agree that this Agreement, and compliance with this Agreement, shall not be construed as an admission by the Company of any liability whatsoever, or as an admission by the Company of any violation of my rights or the rights of any person. The Company specifically disclaims any liability to me or any other person, or for any alleged violation of any order, law, statute, duty, or contract on the part of the Company or the Released Parties.
- (e) **Section 409A:** I acknowledge and agree that: the intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder ("Section 409A"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained in this Agreement to the contrary, I will not be considered to have terminated employment with the Company for purposes of any payments under this Agreement which are subject to Section 409A until I have incurred a "separation from service" from the Company within the meaning of Section 409A. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate and identified payment for purposes of Section 409A. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement or any other arrangement between me and the Company during the six (6) month period immediately following my separation from service shall instead be paid on the first business day after the date that is six (6) months following my separation from service (or, if earlier, my date of death). To the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts reimbursable to me under this Agreement shall be paid to me on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to me) during one year may not affect amounts reimbursable or provided in any subsequent

year. The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to any such payment. I understand and agree that I will be solely responsible for the payment of any taxes, penalties, interest or other expenses incurred by me on account of non-compliance with Section 409A.

- (f) **Governing Law and Enforcement:** This Agreement shall be governed by the laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. I hereby: (i) irrevocably submit to the non-exclusive jurisdiction of any state or federal court of competent jurisdiction sitting in the State of New York in any action or proceeding arising out of or relating to this Agreement; and (ii) agree that all claims in respect of such action or proceeding may be heard or determined in any such court. I hereby waive irrevocably any defense of inconvenient forum to the maintenance of any action or proceeding so brought.
- (g) **Form of Agreement and Executed Counterparts:** The Parties agree that facsimile, scanned, PDF or email copies of this Agreement shall be considered as a legal original and signatures thereon shall be legal and binding, and that this Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.
- (h) **Amendment; Waiver:** I acknowledge and agree that this Agreement shall not be amended, altered or modified except by an instrument in writing duly executed by the Party against whom enforcement is sought. Neither the waiver by either of the Parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure of either of the Parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any such provisions, rights or privileges hereunder.

***Take this Agreement home, read it, and carefully consider all of its provisions before signing it. It includes a release of known and unknown claims. If you wish, you should take advantage of the full consideration period afforded by Section 4 and consult your attorney.***

Signed and agreed on the date indicated:

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[EMPLOYEE NAME]      [EMPLOYER]

Date:\_\_\_ By:\_\_\_

Title:\_\_\_

Date:\_\_\_

**Exhibit B**  
**FORM OF**  
**PARTICIPATION AGREEMENT<sup>6</sup>**

In consideration of the participation of [EMPLOYEE NAME] (the "Participant") in the Argo Group International Holdings, Ltd. Executive Severance Plan, as amended as of April 26, 2022 (the "Severance Plan") with [EMPLOYER] (the "Company," and together with its parents, subsidiaries and affiliates, the "Company Group") and other good and valuable consideration, the receipt and sufficiency of which the Participant acknowledges, the Participant hereby agree to the terms and conditions of this Participation Agreement (this "Agreement") as set forth below. Unless otherwise defined in this Agreement, the terms defined in the Severance Plan shall have the same defined meanings in this Agreement.

**1. ELIGIBILITY**

In accordance with Section 3.01 of the Severance Plan and subject to Section 9 of this Agreement, the Committee has designated the Participant to be a [Tier I Participant / Tier II Participant].

**2. DEFINITIONS**

- (a) "Change in Control" shall have the meaning set forth in the Omnibus Incentive Plan or any successor plan to the Omnibus Incentive Plan.
- (b) "Company Services" means any services (including but not limited to technical and product support, technical advice, underwriting and customer services) supplied by the Company Group in the specialty property and/or casualty insurance business.
- (c) "Customer" means any Person to whom or which the Company Group supplied Company Services and with whom or which: (A) the Participant had dealings pursuant to the Participant's employment, or (B) any employee who was under the direct or indirect supervision of the Participant had dealings pursuant to the Participant's employment, or (C) the Participant was responsible in a client management capacity on behalf of the Company, or (D) the Participant was provided access to Confidential Information regarding Company Services.
- (d) "Person" means any individual, firm, company, corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company or other entity of any kind.
- (e) "Prospective Customer" means any Person with whom or which the Company Group shall have had negotiations or material discussions regarding the possible distribution, sale or supply of Company Services and with whom or which: (A) the Participant shall have had dealings pursuant to the Participant's employment, or (B) any employee who was under the direct or indirect supervision of the Participant shall have had dealings pursuant to the Participant's employment, (C) the Participant was responsible in a client management capacity on behalf of the Company during the Restricted Period, or (D) the Participant was

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<sup>6</sup> Note to Draft: Form to be revised in the event other applicable laws and/or jurisdictions apply.

provided access to Confidential Information regarding Company Services during the Restricted Period.

- (f) “Restricted Business” means (A) any person, firm, company or other organization primarily located in the United States engaged in the specialty property or casualty insurance business with annual gross written premiums in the range of \$2 to \$5 billion; or (B) the specialty property or casualty insurance division or business unit of any, firm, company or other organization, which division or business unit is primarily located in the United States and has annual gross written premiums in the range of \$2 to \$5 billion.
- (g) “Restricted Employee” means any person who on the date of the Participant’s termination of employment by the Company was at the level of director, manager, underwriter or salesperson with whom the Participant had material contact or dealings in the course the Participant’s employment during the Restricted Period.
- (h) “Restricted Period” means the period of 12 months ending on the last day of the Participant’s employment with the Company.
- (i) “Restricted Services” means the Company Services or any services of the same or of a similar kind.

### **3. CONFIDENTIAL INFORMATION**

The Company shall disclose to the Participant, or place the Participant in a position to have access to or develop, trade secrets or confidential information of the Company Group; and/or shall entrust the Participant with business opportunities of the Company Group; and/or shall place the Participant in a position to develop business good will on behalf of the Company Group. The Participant acknowledges that during the Participant’s employment with the Company, the Participant occupies a position of trust and confidence and agrees that he or she shall treat as confidential and shall not, subject to Section 5 of this Agreement, without prior written authorization from the Company, directly or indirectly, disclose or make known to any person or use for his or her own benefit or gain, the methods, process or manner of accomplishing the business undertaken by the Company Group, or any non-public information, including but not limited to, plans, formulas, products, trade secrets, marketing or merchandising strategies, or confidential material or information and instructions, technical or otherwise, issued or published for the sole use of the Company, or information which is disclosed to Participant or in any way acquired by Participant during his or her employment with the Company, or any information concerning the present or future business, processes, or methods of operation of the Company Group, or concerning improvement, inventions or know how relating to the same or any part thereof, it being the intent of the Company, with which intent the Participant hereby agrees, to restrict the Participant from disseminating or using for his or her own benefit any information belonging directly or indirectly to the Company which is unpublished and not readily available to the general public (collectively, “Confidential Information”). The confidentiality obligations set forth in this Section 3 shall apply during the Participant’s employment with the Company and indefinitely thereafter.

### **4. WORK PRODUCT**

All information, ideas, concepts, improvements, discoveries, and inventions, whether patentable or not, that are conceived, made, developed or acquired by the Participant, individually or in conjunction with others, during the Participant’s employment with the

Company (whether during business hours or otherwise and whether on the premises of the Company Group or otherwise) that relate to the business, products or services of the Company Group shall be disclosed to the Board and are and shall be the sole and exclusive property of the Company Group. Moreover, all documents, drawings, memoranda, notes, records, files, correspondence, manuals, models, specifications, computer programs, e-mail, voice mail, electronic data bases, maps and all other writings and materials of any type embodying any such information, ideas, concepts, improvements, discoveries and inventions are and shall be the sole and exclusive property of the Company. Upon termination of the Participant's employment for any reason, the Participant promptly shall deliver the same, and all copies thereof, to the Company. If during the Participant's employment by the Company, the Participant creates any work of authorship fixed in any tangible medium of expression that is the subject matter of copyright (such as video tapes, written presentations, or acquisitions, computer programs, e-mail, voice mail, electronic data bases, drawings, maps, architectural renditions, models, manuals, brochures or the like) relating to the Company's business, products or services, whether such work is created solely by the Participant or jointly with others (whether during business hours or otherwise and whether on the Company's premises or otherwise), the Company shall be deemed the author of such work if the work is prepared by the Participant in the scope of the Participant's employment.

## **5. PERMITTED DISCLOSURES**

Notwithstanding anything to the contrary contain herein, the Company and the Participant acknowledge that pursuant to 18 USC § 1833(b), the Participant may not be held liable under any U.S. criminal or civil Federal or State trade secret law for disclosure of a trade secret of the Company; that (i) is made (A) in confidence to a Federal, State, or local government official, either directly or indirectly, or to the Participant's attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If the Participant files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Participant may disclose the trade secret to the Participant's attorney and use the trade secret information in the court proceeding, the Participant (i) files any document containing the trade secret under seal, and (ii) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section. Notwithstanding anything to the contrary contained in this Agreement, this Agreement does not (x) prohibit the Participant from providing truthful testimony or accurate information in connection with any investigation being conducted into the business or operations of the Company, or any related targets, by any government agency or other regulator that is responsible for enforcing a law on behalf of the government, or otherwise providing information to a government regulatory agency or body regarding conduct or action undertaken or omitted to be taken by the Company that the Participant reasonably believes is illegal or in material non-compliance with any financial disclosure or other regulatory requirement applicable to the Company, or in connection with any dispute between the Participant and the Company Group; (y) require the Participant to obtain the approval of, or give notice to, the Company or any of its representatives to take any action permitted under the preceding clause (x); or (z) apply to information that (i) was at the time of receipt within the public knowledge without any breach by the Participant, (ii) subsequently is lawfully acquired from a third party without continuing restriction on use, without any breach by the Employee or (iii) was disclosed in a communication subject to attorney-client privilege.

## 6. NON-COMPETITION, NON-SOLICITATION AND NON-DISPARAGEMENT

The Participant recognizes that, while performing duties for the Company, the Participant will have access to and come into contact with trade secrets and Confidential Information belonging to the Company Group and the Participant will obtain personal knowledge of and influence over its customers and/or employees. The Participant therefore agrees that the restrictions set out in this Section 6 are reasonable and necessary to protect the legitimate business interests of the Company Group both during and after the termination of the Participant's employment.

The Participant hereby undertakes with the Company that the Participant will not during the Participant's employment with the Company and for the period of nine (9) months after the Participant ceases to be employed by the Company for any reason whatsoever (or [eighteen (18) / twelve (12)]<sup>7</sup> months if the Participant's cessation of employment occurs within twenty-four (24) months following a Change in Control), whether by the Participant's self, through the Participant's employers or employees or agents, or otherwise howsoever and whether on the Participant's own behalf or on behalf of any other person, firm, company or other organization directly or indirectly:

- (i) in competition with the Company Group, be employed or engaged by a Restricted Business for the purposes of providing services the same or similar to those the Participant provided to the Company Group;
- (ii) own any firm, company or other organization primarily located in the United States engaged in the specialty property or casualty insurance business with annual gross written premiums in the range of \$2 to \$5 billion; provided, however, that the Participant may (x) acquire up to 3% of the voting securities of any publicly traded entity and (y) make passive investments in private equity, hedge and mutual funds or similar investment vehicles; or
- (iii) employ or otherwise engage in the business of or be personally involved to a material extent in employing or otherwise engaging in the business of researching into, developing, distributing, selling, supplying or otherwise dealing with Restricted Services, any person who was during the Restricted Period employed or otherwise engaged by the Company and who by reason of such employment or engagement is reasonably likely to be in possession of any trade secrets or Confidential Information relating to the business of the Company.

The Participant hereby undertakes with the Company that the Participant shall not during the Participant's employment with the Company and for the period of nine (9) months after the Participant ceases to be employed by the Company for any reason whatsoever (or [eighteen (18) / twelve (12)]<sup>8</sup> months if the Participant's cessation of employment occurs within twenty-four (24) months following a Change in Control), without the prior written consent of the Company, whether by the Participant's self, through the Participant's employers or employees or agents or otherwise, howsoever and whether on the Participant's own behalf or on behalf of any other person, firm, company or other organization directly or indirectly:

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<sup>7</sup> Note to Draft: Tier I Participant is at 18 months / Tier II Participant is at 12 months.

<sup>8</sup> Note to Draft: Tier I Participant is at 18 months / Tier II Participant is at 12 months.



- (i) in competition with the Company Group, solicit business from or endeavor to entice away or canvass any Customer or Prospective Customer for any reason if such solicitation or canvassing is for the benefit of, or on the behalf of, a Restricted Business; or
- (ii) solicit or induce or endeavor to solicit or induce any Restricted Employee to cease working for or providing services to the Company, or hire any Restricted Employee.

The Participant agrees that during the nine (9) months after the Participant ceases to be employed by the Company for any reason whatsoever (or [eighteen (18) / twelve (12)]<sup>9</sup> months if the Participant's cessation of employment occurs within twenty-four (24) months following a Change in Control), the Participant shall inform the Company, prior to the commencement of employment or any work as an independent contractor, of the identity of any new employer or other entity to which the Participant plans to provide consulting or other services, along with the Participant's starting date, title, job description and any other information which the Company may reasonably request (and which does not violate any confidentiality obligation of the Participant) to confirm the Participant's compliance with the terms of this Agreement.

Subject to Section 5, participant shall not, at any time during the Participant's employment with the Company and thereafter, make statements or representations, or otherwise communicate, directly or indirectly, in writing, orally, or otherwise, or take any action which is reasonably likely to be, directly or indirectly, disparaging or damaging to the Company, or its subsidiaries, or their respective officers, directors, employees, advisors, businesses or reputations. Notwithstanding the foregoing, nothing in this Agreement shall preclude the Participant from making truthful statements that are required by applicable law, regulation or legal process, including truthful statements in connection with an action, suit or other proceeding to enforce the Participant's rights under this Agreement.

## **7. COOPERATION**

The Participant agrees that after the termination of the Participant's employment with the Company for any reason, the Participant shall be available, upon reasonable notice and under reasonable conditions, to respond to inquiries and requests for information and assist the Company in any capacity with respect to matters of which the Participant was involved or had knowledge as a result of the Participant's employment with the Company, including, but not limited to, providing information in connection with the Company's operations. The Participant further agrees to provide reasonable assistance to the Company and its respective representatives in defense of any claims that have been or may be made against the Company, and will assist the Company in the prosecution of any claims that have been or may be made by the Company, to the extent that such claims may relate to the period of the Participant's employment with the Company. The Participant's assistance shall include but not be limited to cooperating and meeting with, and providing information to, counsel of the Company and providing honest and truthful testimony. The Participant and the Company agree that upon presentation of appropriate documentation, the Company shall pay or reimburse the Participant for all reasonable out-of-pocket travel, duplicating or telephonic expenses incurred by me in complying with this paragraph. The Participant and the Company further agree that to the extent that the Participant is required to spend substantial time on such matters, the Company shall compensate the Participant at an hourly rate based on the Participant's base salary (or

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<sup>9</sup> Note to Draft: Tier I Participant is at 18 months / Tier II Participant is at 12 months.

actual hourly rate, as the case may be) in effect on the last day of the Participant's employment with the Company.

**8. REMEDIES UPON BREACH**

The Participant understands that the restrictions contained in this Agreement are necessary for the protection of the business and goodwill of the Company Group and considers them to be reasonable for such purpose. Any breach of this Agreement is likely to cause the Company Group substantial and irrevocable damage and therefore, in the event of such breach, the Company Group, in addition to such other remedies which may be available, including under the terms of the Severance Plan, will be entitled to specific performance and other injunctive relief, without the posting of a bond.

**9. CONSIDERATION PERIOD**

The Participant is hereby advised to consult with counsel regarding the provisions of this Agreement. The Participant shall have until 5:00 pm ET on 10<sup>10</sup> to execute this Agreement (the "Deadline"). *Failure by the Participant to execute and return this Agreement by the Deadline means that the Participant shall remain subject to the terms and conditions of the Argo Group International Holdings, Ltd. Executive Severance Plan, effective as of January 1, 2021 (the "2021 Plan") and shall not be a participant in, and shall not be eligible for any of the payments and benefits provided under, the Severance Plan.*

**10. SURVIVAL AND ASSIGNMENT BY THE COMPANY**

This Agreement shall be for the benefit of the Company Group and the Company reserves the right to assign the benefit of such provisions to any entity within the Company Group. The obligations undertaken by the Participant pursuant to this Agreement, with respect to each entity within the Company Group, constitute separate and distinct obligations and covenants and the invalidity or unenforceability of any such obligation or covenant shall not affect the validity or enforceability of the obligations or covenants in favor of any other entity within the Company Group. The Company will also have the right to assign this Agreement to its successors and assigns.

**11. SEVERABILITY; BLUE PENCILING**

While the restrictions in this Agreement are considered by the Company and the Participant to be reasonable in all the circumstances, it is agreed that if any such restrictions, by themselves, or taken together, shall be adjudged to go beyond what is reasonable in all the circumstances for the protection of the legitimate interests of the Company Group but would be adjudged reasonable if part or parts of the wording thereof were deleted, the relevant restriction or restrictions shall apply with such deletion(s) as may be necessary to make it or them valid and effective.

**12. FORM OF AGREEMENT AND EXECUTED COUNTERPARTS**

The Participant and the Company agree that facsimile, scanned, PDF or email copies of this Agreement shall be considered as a legal original and signatures thereon shall be legal and binding, and that this Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

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<sup>10</sup> Note to Draft: Insert date that is fourteen (14) calendar days following the delivery to the Participant.

**13. AMENDMENT; WAIVER**

The Participant acknowledges and agree that this Agreement shall not be amended, altered or modified except by an instrument in writing duly executed by the party against whom enforcement is sought. Neither the waiver by either the Participant or the Company hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure of either of the Participant or the Company, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any such provisions, rights or privileges hereunder.

**14. INTERPRETATION**

This Agreement shall be construed as a whole according to its fair meaning. Unless the context indicates otherwise, the singular or plural number shall be deemed to include the other. Captions are intended solely for convenience of reference and shall not be used in the interpretation of this Agreement.

**15. ENTIRE AGREEMENT**

This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and thereof, and supersedes any prior representations or agreements, whether written or oral, with respect to the same subject matter, including, but not limited to, Article VI of the 2021 Plan [and the [NAME] agreement between the Company and the Participant dated [DATE]],<sup>11</sup> except as expressly set forth herein.

**16. GOVERNING LAW**

All questions or disputes concerning this Agreement shall be governed by and construed in accordance with ERISA or, to the extent not preempted by ERISA, in accordance with the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. To the extent applicable, the Participant hereby: (i) submits to the non-exclusive jurisdiction of any federal court sitting in the State of New York in any action or proceeding arising out of or relating to this Agreement; and (ii) agrees that all claims in respect of such action or proceeding may be heard or determined in any such court. The Company and the Participant hereby waive any defense of inconvenient forum to the maintenance of any action or proceeding so brought. The Company and the Participant hereby agree that a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law.

The Company and the Participant agree that any action, demand, claim or counterclaim relating to the terms and provisions of this Agreement, or to its breach, may be commenced in federal court in the State of New York. The Company and the Participant further agree that any action, demand, claim or counterclaim shall be resolved by a judge alone, and the Company and the Participant hereby waive and forever renounce that right to a trial before a civil jury.

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<sup>11</sup> Note to Draft: Include if applicable.

*Failure to execute and return this Agreement means that the Participant shall remain subject to the terms and conditions of the 2021 Plan (as defined in Section 9 of this Agreement) and shall not be a participant in, and shall not be eligible for any of the payments and benefits provided under, the Severance Plan.*

IN WITNESS WHEREOF, I and the Company have duly executed this Agreement as of the date below.

**COMPANY**

**PARTICIPANT**

\_\_\_\_\_  
Name:  
Position:  
Date:

\_\_\_\_\_  
Name:  
Date:

May 5, 2022

Scott Kirk

By e-mail:

Dear Scott,

It is important to Argo Group International Holdings, Ltd. (together with its subsidiaries, "Argo Group") that key, high-performing employees are incentivised and encouraged to progress their careers with us. To that end, it is my pleasure to inform you that our Board of Directors has decided to:

1. offer you a cash retention award in the amount \$1,282,592 (the "Retention Award") subject to the terms described in this agreement (the "Agreement"); and
2. extend your Service Agreement dated 5 February 2021 (the "Service Agreement").

Argo Group and you each agree as follows:

**1. RETENTION AWARD**

Except as provided under Section 2 below, you will be entitled to the Retention Award which will accrue in 25% increments on 15 June 2022, 15 September 2022, 15 December 2022 and 15 March 2023 (each, a "Vesting Date"), subject to you remaining in "good standing" and continuously employed by Argo Group and not having given notice to terminate your employment through each Vesting Date. For purposes of this Agreement, to remain in good standing, you may not be subject to any outstanding disciplinary or capability (performance improvement) proceedings and/or have not been issued with any verbal or written warning as a result of such proceedings from the date of this Agreement through each Vesting Date. The Retention Award will be paid by your employer in four instalments, each due as soon as reasonably practicable on or following the applicable Vesting Date, but no later than sixty (60) days following such Vesting Date, subject to any and all applicable federal, state, local, foreign and/or other withholding taxes and all other authorized payroll deductions.

**2. TERMINATION OF EMPLOYMENT**

Subject to the following sentence, you will no longer be eligible for any unvested portion of the Retention Award if your employment is terminated (or you give or receive notice to terminate your employment) for any reason by you or Argo Group prior to the applicable Vesting Date. Notwithstanding the foregoing, other than on the expiry of your Service Agreement in accordance with its terms on 7 August 2022, the unpaid part of the Retention Award will vest in full if prior to the final Vesting Date your employment is terminated (or notice is given to terminate your employment) without "Cause" or you resign with "Good Reason", as such terms "Cause" and "Good Reason" are defined under Argo Group's Executive Severance Plan, as amended and restated as of 26 April 2022 (the "Executive Severance Plan"). This payment will be made within sixty (60) days of your termination of employment without Cause or your resignation with Good Reason, subject to your execution of the Release (as such term is defined under the Executive Severance Plan) and subject to any and all applicable federal, state, local, foreign and/or other withholding taxes and all other authorized payroll deductions.

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**3. NO EFFECT ON SEVERANCE AND OTHER BENEFITS**

This Agreement will not affect your eligibility or entitlement to receive any benefits payable to you under any severance, change of control or similar plan, policy or agreement with any member of Argo Group, and the Retention Award will be in addition to any profit share or long-term incentive compensation that you may be eligible to receive.

**4. EXTENSION OF YOUR SERVICE AGREEMENT**

Clauses 2.1 and 2.3 of your Service Agreement shall be deleted in their entirety and Clause 2.1 of your Service Agreement shall be replaced with the following:

*“The Executive’s employment under the terms of this Agreement shall continue until terminated by either party giving to the other not less than one month’s prior notice in writing unless terminated earlier in accordance with the remaining terms of this Agreement”*

The definition of “Executive Severance Plan” shall be replaced with “means the Argo Group International Holdings, Ltd. Executive Severance Plan as amended on April 26, 2022 and any associated Participation Agreement between you and Argo Group International Holdings, Ltd.”

All other terms of the Service Agreement shall remain in full force and effect.

**5. OTHER RIGHTS AND AGREEMENTS**

This Agreement does not create any employment rights not specifically set forth herein with respect to you. Your employment remains at-will and can be terminated by Argo Group at any time and for any reason, with or without Cause. This Agreement contains the entire understanding of Argo Group and you with respect to the subject matter hereof.

**6. CONFIDENTIALITY**

You agree that the matters described in this Agreement are highly confidential. Accordingly, you must execute and deliver the Confidentiality Agreement, attached hereto as Exhibit A, and Participation Agreement governing your participation in the Executive Severance Plan in order to be eligible to earn the Retention Award.

**7. AMENDMENT**

This Agreement may be amended or revised only by written agreement signed by an authorized officer of Argo Group and you.

**8. BINDING EFFECT.**

This Agreement shall be binding on you and your executor, administrator and heirs, but may not be assigned by you. This Agreement may be transferred or assigned by Argo Group and shall be binding on the transferee or assignee. This Agreement shall automatically be transferred or assigned to and be binding upon any successor in interest to Argo Group, whether by merger, consolidation, sale of stock, sale of assets or otherwise.

**9. SECTION 409A**

The parties intend for the payments and benefits under this Agreement to be exempt from Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (if applicable) or, if not so exempt, to be paid or provided in a manner which complies with the requirements of such section, and intend that this Agreement shall be construed and administered in accordance with such intention. For purposes of Section 409A, each installment payment provided under the Agreement shall be treated as a separate payment. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, (i) no amounts that are payable on account of your termination of employment shall be paid to you until you have incurred a "separation from service" from the Employer within the meaning of Section 409A of the Code, (ii) amounts that would otherwise be payable that would otherwise be provided pursuant to this Agreement during the six-month period immediately following your separation from service shall instead be paid on the first business day after the date that is six (6) months following your separation from service (or death, if earlier) and (iii) any payments that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise.

**10. COUNTERPARTS**

This Agreement may be (a) executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement, and (b) executed and delivered by facsimile or other electronic transmission with the same effect as if a manually signed original were personally delivered.

**11. APPLICABLE LAW**

This Agreement shall be construed and enforced in accordance with the laws of England and Wales, without giving effect to the principles of conflict of laws thereof.

Please sign and return this letter to Silvana Nuzzo along with the attached Confidentiality Agreement. If you have any questions, please contact me or Silvana at your earliest convenience.

Thank you for your continuing contributions to the success of Argo Group.

Best regards,

/s/ Thomas A. Bradley

Thomas A. Bradley

**Interim Chief Executive Officer**

/s/ Vicky LeFevre

Vicky LeFevre

**Group Head of Talent on behalf of Argo Management Services Limited**

By executing this Agreement, you agree to the terms and conditions set forth herein and to keep the existence of this Agreement and such terms and conditions confidential.

Agreed to and accepted by:

/s/ Scott Kirk

**Scott Kirk**

Date: May 5, 2022



RETENTION AWARD<sup>1</sup>

[Date]

[NAME]

By e-mail: [EMAIL ADDRESS]

Dear [FIRST NAME],

It is important to Argo Group International Holdings, Ltd. (together with its subsidiaries, "Argo Group") that key, high-performing employees are incentivised and encouraged to progress their careers with us. To that end, it is my pleasure to inform you that our Board of Directors has decided to offer you a cash retention award in the amount [\$][\_\_\_\_\_] (the "Retention Award"), subject to the terms described in this agreement (the "Agreement").

Argo Group and you each agree as follows:

1. Retention Award. Except as provided under Section 2 below, you will vest in the Retention Award in 25% increments on June 15, 2022, September 15, 2022, December 15, 2022 and March 15, 2023 (each, a "Vesting Date"), subject to you remaining in "good standing" and continuously employed by Argo Group through each Vesting Date. For purposes of this Agreement, to remain in good standing, you may not be subject to any outstanding disciplinary or capability (performance improvement) proceedings and/or have not been issued with any verbal or written warning as a result of such proceedings from the date of this Agreement through each Vesting Date. The Retention Award will be paid as soon as reasonably practicable on or following each Vesting Date, but no later than sixty (60) days following the Vesting Date, subject to any and all applicable federal, state, local, foreign and/or other withholding taxes and all other authorized payroll deductions.
2. Termination of Employment. Subject to the following sentence, you will no longer be eligible for any unvested portion of the Retention Award if your employment is terminated for any reason by you or Argo Group prior to a Vesting Date. Notwithstanding the foregoing, the Retention Award will vest in full if prior to a Vesting Date your employment is terminated without "Cause" or you resign with "Good Reason", as such terms "Cause" and "Good Reason" are defined under Argo Group's Executive Severance Plan, as amended and restated as of April 26, 2022 (the "Executive Severance Plan"). This payment will be made within sixty (60) days of your termination of employment without Cause or your resignation with Good Reason, subject to your execution of the Release (as such term is defined under the Executive Severance Plan) and subject to any and all applicable federal, state, local, foreign and/or other withholding taxes and all other authorized payroll deductions.
3. No Effect on Severance and Other Benefits. This Agreement will not affect your eligibility or entitlement to receive any benefits payable to you under any severance, change of control or similar plan, policy or agreement with Argo.

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<sup>1</sup> **Note to Draft:** Form to be revised in the event other applicable laws and/or jurisdictions apply.

Group, and the Retention Award will be in addition to any profit share or long-term incentive compensation that you may be eligible to receive.

4. Other Rights and Agreements. This Agreement does not create any employment rights not specifically set forth herein with respect to you. Your employment remains at-will and can be terminated by Argo Group at any time and for any reason, with or without Cause. This Agreement contains the entire understanding of Argo Group and you with respect to the subject matter hereof.
5. Confidentiality. You agree that the matters described in this Agreement are highly confidential. Accordingly, you must execute and deliver the Confidentiality Agreement, attached hereto as Exhibit A, in order to be eligible to earn the Retention Award.
6. Amendment. This Agreement may be amended or revised only by written agreement signed by an authorized officer of Argo Group and you.
7. Binding Effect. This Agreement shall be binding on you and your executor, administrator and heirs, but may not be assigned by you. This Agreement may be transferred or assigned by Argo Group and shall be binding on the transferee or assignee. This Agreement shall automatically be transferred or assigned to and be binding upon any successor in interest to Argo Group, whether by merger, consolidation, sale of stock, sale of assets or otherwise.
8. Section 409A. The parties intend for the payments and benefits under this Agreement to be exempt from Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or, if not so exempt, to be paid or provided in a manner which complies with the requirements of such section, and intend that this Agreement shall be construed and administered in accordance with such intention. For purposes of Section 409A, each installment payment provided under the Agreement shall be treated as a separate payment. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, (i) no amounts that are payable on account of your termination of employment shall be paid to you until you have incurred a "separation from service" from the Employer within the meaning of Section 409A of the Code, (ii) amounts that would otherwise be payable that would otherwise be provided pursuant to this Agreement during the six-month period immediately following your separation from service shall instead be paid on the first business day after the date that is six (6) months following your separation from service (or death, if earlier) and (iii) any payments that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise.
9. Counterparts. This Agreement may be (a) executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement, and (b) executed and delivered by facsimile or other electronic transmission with the same effect as if a manually signed original were personally delivered.
10. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

Please sign and return this letter to Silvana Nuzzo along with the attached Confidentiality Agreement. If you have any questions, please contact me or Silvana at your earliest convenience.

Thank you for your continuing contributions to the success of Argo Group.

Best regards,

Thomas A. Bradley  
**Interim Chief Executive Officer**

By executing this Agreement, you agree to the terms and conditions set forth herein and to keep the existence of this Agreement and such terms and conditions confidential.

Agreed to and accepted by:

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**[NAME]**

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Date

## Exhibit 10.4

### ARGONAUT SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

WHEREAS, Argonaut Group, Inc. (the "Company") heretofore adopted the "Argonaut Supplemental Executive Retirement Plan" (the "Plan"), an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of the United States Code of Federal Regulations Section 2520.104-23 and Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974 ("ERISA"); and

WHEREAS, the Company desires to amend the Plan to satisfy the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code");

NOW, THEREFORE, effective January 1, 2008, the Plan is amended and restated to comply with Section 409A of the Code, with the Plan being operated in good faith compliance with Code Section 409A for the period January 1, 2005 to January 1, 2008.

#### SECTION 1. PURPOSE OF PLAN

The Plan is unfunded and is maintained for the purpose of providing deferred compensation to a select group of management and highly compensated employees of the Company within the meaning of the United States Code of Federal Regulations Section 2520.104-23 and Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. The Plan will be administered in accordance with such purpose and in accordance with the provisions of Section 409A of the Code.

#### SECTION 2. DEFINITIONS

- 2.1 "Administrator" means the Board or the committee or subcommittee appointed pursuant to Section 16.1.
- 2.2 "Beneficiary" means the person or entity determined to be a Participant's beneficiary pursuant to Section 14.
- 2.3 "Board" means the board of directors of Argonaut Group, Inc.
- 2.4 "Change in Control" means a "change in ownership" of the Company, a "change in effective control" of the Company, or a "change in the substantial portion of the assets" of the Company (within the meaning of Section 409A of the Code).
- 2.5 "Code" means the Internal Revenue Code of 1986, as amended from time to time.
- 2.6 "Company" means Argonaut Group, Inc. and any subsidiary or affiliate which is a member of its "related group" (as defined in Section 2.4 of the 401(k) Plan) which has adopted the Plan (a Participating Affiliate"), and shall include any successor(s) thereto which adopt this Plan. Any such subsidiary or affiliate of Argonaut Group, Inc. may adopt the Plan with the approval of its board of directors (or noncorporate counterpart) subject to the approval of Argonaut Group, Inc. The provisions of this Plan shall apply equally to each Participating Affiliate with respect to its employees

except as specifically set forth in the Plan. However, each Participating Affiliate shall be deemed to have appointed Argonaut Group, Inc. as its agent to act on its behalf in all matters relating to the administration, amendment, termination of the Plan and the investment of the assets of the Plan.

- 2.7 "Compensation" means the base salary and any overtime paid to a Participant for the Plan Year, increased by any amounts deferred under a salary reduction agreement pursuant to the 401(k) Plan or under a "cafeteria plan" (within the meaning of Section 125 of the Code) maintained by the Company.
- 2.8 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.
- 2.9 "401(k) Plan" means the Argonaut 401(k) Plan, as amended from time to time.
- 2.10 "Participant" means an employee of the Company who is eligible to participate in the Plan pursuant to Section 3.
- 2.11 "Plan" means the Argonaut Supplemental Executive Retirement Plan, as set forth herein and as amended from time to time.
- 2.12 "Plan Year" means the calendar year.

### SECTION 3. ELIGIBLE EMPLOYEES

The Administrator shall determine which management employees and highly compensated employees of the Company shall be eligible to participate in the Plan from time to time, the eligibility waiting period and such other conditions as may be applicable from time to time.

### SECTION 4. ELECTION TO DEFER COMPENSATION

A Participant may elect to defer a specified percentage of his or her Compensation (from one percent (1%) to five percent (5%)) for a Plan Year by filing an election with the Administrator (pursuant to Section 5) on or prior to November 30 (or such other date not later than December 31 that the Administrator may specify) of the preceding Plan Year. Any election so made shall be binding for any following Plan Year, unless revised on or before November 30 (or such other date not later than December 31 that the Administrator may specify) of the immediately preceding Plan Year. Provided, however, that, subject to the provisions of Section 409A of the Code, a Participant who first becomes eligible to participate in the Plan after the beginning of a Plan Year shall be entitled to make a deferral election (with respect to Compensation to be earned after the date of the election) within thirty (30) days of becoming eligible.

A Participant's election hereunder shall initially apply to the 401(k) Plan and shall then apply to the Plan only if and when the Participant's pre-tax 401(k) contributions and, if applicable, "Roth 401(k) contributions" (within the meaning of Section 402A of the Code) under the 401(k) Plan for the Plan Year have reached the applicable dollar limitation imposed under Section 402(g) of the Code and Section 414(v) of the Code (if applicable) for such year, or such other limitation imposed under the terms of the 401(k)

Plan, or have been limited due to the limit on compensation imposed under Section 401(a)(17) of the Code. In the event a Participant is not yet eligible to participate in the 401(k) Plan, the Participant's deferral election hereunder shall apply solely to the Plan. Upon becoming eligible to participate in the 401(k) Plan, the Participant's deferral election hereunder shall cease until the Participant's elective deferrals and/or Roth 401(k) contributions under the 401(k) Plan have reached the applicable 401(k) Plan limitation.

#### SECTION 5. MANNER OF ELECTION

Any election made by a Participant pursuant to this Plan shall be made by executing such form(s) as the Administrator shall from time to time prescribe.

#### SECTION 6. ACCOUNTS

The Company shall establish and maintain on its books with respect to each Participant a separate account which shall record (a) any Compensation deferred by the Participant under the Plan pursuant to the Participant's election, (b) any Company contributions made on behalf of the Participant pursuant to Section 7 below, and (c) the allocation of any hypothetical investment experience.

Each Participant's account hereunder shall be reduced by any distributions made plus any federal, state and/or local tax withholding and any social security withholding tax as may be required by law.

#### SECTION 7. COMPANY CONTRIBUTIONS

The Company shall allocate to the account of each Participant an amount equal to the difference between (a) one hundred percent (100%) of the first five percent (5%) of the Participant's Compensation contributed under both this Plan and the 401(k) Plan for the applicable year, and (b) the Company matching contribution made on his or her behalf under the 401(k) Plan for such year. In addition, for each payroll period, the Company shall contribute to the account of each Participant an amount equal to two percent (2%) of the Participant's Compensation in excess of the Code Section 401(a)(17) limit for such Plan Year.

Moreover, for any Participant who is eligible for the transition profit-sharing contribution under the 401(k) Plan and whose Compensation is in excess of the Code Section 401(a)(17) limit for the Plan Year, the Company intends to make a transition contribution to the Plan on behalf of each such Participant in an amount equal to five percent (5%) of the Participant's Compensation in excess of the Code Section 401(a)(17) limit. This transition contribution shall, however, cease under the Plan effective as of February 28, 2009.

#### SECTION 8. ADJUSTMENTS TO ACCOUNTS

Each Participant's account shall be reduced by the amount of any distributions to the Participant from the Plan, and by any federal, state and/or local tax withholding and any social security withholding tax as may be required by law. Pursuant to procedures established by the Administrator, each Participant's account shall be adjusted as of each business day the New York Stock Exchange is open to reflect the earnings or losses of

any hypothetical investment media as may be designated by the Administrator.

#### SECTION 9. INVESTMENT OF ACCOUNTS

For purposes of determining the amount of earnings and appreciation and losses and depreciation to be credited to a Participant's account, each Participant's account shall be deemed invested in the investment options (designated by the Administrator as available under the Plan) as the Participant may elect, from time to time, in accordance with such rules and procedures as the Administrator may establish. Initially, and unless the Administrator shall otherwise designate, each Participant's account shall be deemed to be invested in the same manner as the Participant's account under the 401(k) Plan is invested, except that the MainStay Cash Reserves Fund (Class I) shall be substituted for the New York Life Anchor Account. However, no provision of the Plan shall require the Company to actually invest any amounts in any fund or in any other investment vehicle.

#### SECTION 10. VESTED STATUS

Each Participant shall have a nonforfeitable (vested) right to the fair market value of the Participant's account.

#### SECTION 11. TIME AND MANNER OF DISTRIBUTION

A Participant may elect, on the election form used to make his or her initial deferral election hereunder, to have distribution of his account made or commence (i) in the seventh (7<sup>th</sup>) calendar month following the date on which the Participant separates from service with the Company (within the meaning of Section 409(A) of the Code); (ii) as of a specified date; or (iii) upon the earlier of (i) or (ii) or within ninety (90) days following a Change in Control.

Each Participant may also elect, on the election form used to make his or her initial deferral election, either of the following modes of distribution:

- (a) a single lump sum payment; or
- (b) annual installments over a period of up to ten (10) years, the amount of each installment to equal the balance of the Participant's account immediately prior to the installment divided by the number of installments remaining to be paid. Each subsequent installment shall be made on the first day of the calendar month following the one (1) year anniversary of the prior payment.

Notwithstanding the foregoing, in the event distribution is to be made following a Change in Control, distribution of the Participant's account shall be made in the form of a single lump-sum payment.

A Participant may subsequently elect to change the mode of distribution, or to delay the date on which distribution of the Participant's account is to be made or commence, subject to the following conditions: (i) any such election may not take effect until twelve (12) months after the date on which the election is made; (ii) payment with respect to such election must be deferred for a period of at least five (5) years from the date on which payment would otherwise have been made or commence; and (iii) if the subsequent election relates

to a payment that was scheduled to be made on a specified date, the subsequent election must be made twelve (12) months prior to the date the first amount was scheduled to be paid.

Notwithstanding the foregoing provisions of this Section, except as otherwise provided under Section 409A of the Code, if a Participant fails to make a distribution election, or if the fair market value of a Participant's account does not exceed the amount in effect for the applicable year under Code Section 402(g)(1)(B) as of the date of the Participant's separation from service, the Participant's vested account shall be distributed to the Participant in a single lump-sum payment in the seventh (7<sup>th</sup>) calendar month following the Participant's separation from service.

#### **SECTION 12. DISTRIBUTION IN THE EVENT OF UNFORESEEABLE EMERGENCY**

In the event of an "unforeseeable emergency" (within the meaning of Section 409A of the Code), a Participant may, by filing an election with the Administrator (in such form and manner as may be prescribed by the Administrator), elect to receive a distribution from the Plan in an amount not to exceed the lesser of (i) the fair market value of the Participant's account or (ii) the amount necessary to satisfy the unforeseeable emergency.

#### **SECTION 13. DEATH BENEFIT**

In the event of the death of a Participant, the balance of the Participant's account shall be distributed to the Participant's Beneficiary, in a single lump sum payment, within ninety (90) days following the Participant's death.

#### **SECTION 14. BENEFICIARY DESIGNATION**

A Participant may designate the person or persons to whom the Participant's account under the Plan shall be paid in the event of the Participant's death, by filing a designation of beneficiary form with the Administrator. If no Beneficiary is designated, or no Beneficiary survives the Participant, payment shall be made to the Participant's Beneficiary as designated under the 401(k) Plan, or if none, to the Participant's surviving spouse, or if none, to the Participant's surviving children, or if none, to the Participant's estate.

#### **SECTION 15. DOMESTIC RELATIONS ORDERS**

If a domestic relations order issued by any court of proper authority directs assignment of all or any portion of a Participant's account to the Participant's spouse or former spouse as part of a divorce settlement, the portion so assigned shall be distributed, in a lump-sum, to the spouse or former spouse within ninety (90) days following the close of the Plan Year in which the order was received by the Administrator or, if later, following the close of the Plan Year in which the order clearly specifies the amount to be assigned and any other terms necessary to comply with such order and with the provisions of Code Section 409A.



## SECTION 16. PLAN ADMINISTRATION

16.1 Administration. The Plan shall be administered by the Board or, in the discretion of the Board, a committee or subcommittee of the Board (the "Committee") appointed by the Board. All references in the Plan to the Administrator shall be understood to refer to the Committee or the Board, whoever shall administer the Plan.

Where the Committee serves as Administrator, in the event that a vacancy on the Committee occurs on account of the resignation of a member or the removal of a member by vote of the Board, a successor member shall be appointed by vote of the Board. The Administrator shall select a Chairman and shall hold meetings at such times and places as it may determine. A majority shall constitute a quorum, and acts of the Administrator at which a quorum is present, or acts reduced to or approved in writing by all its members, shall be the valid acts of the Administrator.

The Administrator is authorized to interpret and construe any provision of the Plan, to determine eligibility and benefits under the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, to adopt such forms as it may deem appropriate for the administration of the Plan, to provide for conditions and assurances deemed necessary or advisable to protect the interests of the Company and to make all other determinations necessary or advisable for the administration of the Plan, but only to the extent not contrary to the express provisions of the Plan or the provisions of Section 409A of the Code and the regulations and rulings promulgated thereunder. The Administrator shall be responsible for the day-to-day administration of the Plan. Determinations, interpretations or other actions made or taken by the Administrator under the Plan shall be final and binding for all purposes and upon all persons.

### 16.2 Review Procedure.

- (a) Pursuant to procedures established by the Administrator, claims for benefits under the Plan made by a Participant or Beneficiary (the "claimant") must be submitted in writing to the Administrator.

If a claim is denied in whole or in part, the Administrator shall notify the claimant within ninety (90) days after receipt of the claim (or within one hundred eighty (180) days, if special circumstances require an extension of time for processing the claim, and provided written notice indicating the special circumstances and the date by which a final decision is expected to be rendered is given to the claimant within the initial ninety (90) day period). If notification is not given in such period, the claim shall be considered denied as of the last day of such period and the claimant may request a review of the claim.

The notice of the denial of the claim shall be written in a manner calculated to be understood by the claimant and shall set forth the following:

- (i) the specific reason or reasons for the denial of the claim;
- (ii) the specific references to the pertinent Plan provisions on which the denial is based;
- (iii) a description of any additional material or information necessary to perfect the claim, and an explanation of why such material or information is necessary; and

- (iv) a statement that any appeal of the denial must be made by giving to the Administrator, within sixty (60) days after receipt of the denial of the claim, written notice of such appeal, such notice to include a full description of the pertinent issues and basis of the claim.
- (b) Upon denial of a claim in whole or part, the claimant (or his duly authorized representative) shall have the right to submit a written request to the Administrator for a full and fair review of the denied claim, to be permitted to review documents pertinent to the denial, and to submit issues and comments in writing. Any appeal of the denial must be given to the Administrator within the period of time prescribed under (a)(iv) above. If the claimant (or his duly authorized representative) fails to appeal the denial to the Administrator within the prescribed time, the Administrator's adverse determination shall be final, binding and conclusive.

The Administrator may hold a hearing or otherwise ascertain such facts as it deems necessary and shall render a decision which shall be binding upon both parties. The Administrator shall advise the claimant of the results of the review within sixty (60) days after receipt of the written request for the review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible but not later than one hundred twenty (120) days after receipt of the request for review. If such extension of time is required, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. The decision of the review shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based. The decision of the Administrator shall be final, binding and conclusive.

## SECTION 17. FUNDING

**17.1 Plan Unfunded.** The Plan is unfunded for tax purposes and for purposes of Title I of ERISA. Accordingly, the obligation of the Company to make payments under the Plan constitutes solely an unsecured (but legally enforceable) promise of the Company to make such payments, and no person, including any Participant or Beneficiary shall have any lien, prior claim or other security interest in any property of the Company as a result of this Plan. Any amounts payable under the Plan shall be paid out of the general assets of the Company and each Participant and Beneficiary shall be deemed to be a general unsecured creditor of the Company.

**17.2 Rabbi Trust.** The Company may create a grantor trust to pay its obligations hereunder (a so-called rabbi trust), the assets of which shall be, for all purposes, the assets of the Company. In the event the trustee of such trust is unable or unwilling to make payments directly to Participants and Beneficiaries and such trustee remits payments to the Company for delivery to Participants and Beneficiaries, the Company shall promptly remit such amount, less applicable income and other taxes required to be withheld, to the Participant or Beneficiary.

#### SECTION 18. AMENDMENT

The Company, by resolution of the Board, shall have the right to amend, suspend or terminate the Plan at any time subject to the provisions of Section 409A of the Code; provided, however, that no such action shall, without the Participant's consent, impair the Participant's right with respect to any existing account under the Plan. The termination of the Plan, with respect to some or all of the Participants, and any resulting distribution of the account balances of such affected Participants, shall be made in accordance with the provisions of Section 409A of the Code and shall not constitute the impairment of such Participant's rights hereunder.

#### SECTION 19. NO ASSIGNMENT

A Participant's right to the amount credited to his or her account under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of the Participant or the Participant's Beneficiary. Provided, however, that the Company shall have the unrestricted right to set off against or recover out of any payments or benefits becoming payable to or for the benefit of a Participant, at the time such payments or benefits otherwise become payable hereunder, any amounts owed or owing to the Company by such Participant.

#### SECTION 20. SUCCESSORS AND ASSIGNS

The provisions of this Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns, and the Participant, his or her Beneficiaries, heirs, legal representatives and assigns.

#### SECTION 21. NO CONTRACT OF EMPLOYMENT

Nothing contained herein shall be construed as a contract of employment between a Participant and the Company, or as a right of the Participant to continue in employment with the Company, or as a limitation of the right of the Company to discharge the Participant at any time, with or without cause.

#### SECTION 22. GOVERNING LAW

This Plan shall be interpreted in a manner consistent with Code Section 409A and the guidance issued thereunder by the Department of the Treasury and the Internal Revenue Service and shall also be subject to and construed in accordance with the provisions of ERISA, where applicable, and otherwise by the laws of the State of Texas, without regard to the conflict of law provisions of any jurisdiction.

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IN WITNESS WHEREOF, the Company, by its duly authorized officer, has caused this Plan to be executed as of the 2nd day of AUGUST, 2007.

ARGONAUT GROUP, INC.

By: /s/ Jack Reddy  
Authorized Officer

FIRST AMENDMENT TO

## ARGONAUT SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

WHEREAS, Argonaut Group, Inc. (the "Employer") heretofore adopted the Argonaut Supplemental Executive Retirement Plan (the "Plan"); and

WHEREAS, the Employer reserved the right to amend the Plan; and

WHEREAS, the Employer's name changed to Argo Group US, Inc., effective April 7, 2008;

NOW, THEREFORE, the Plan is hereby amended, effective as of April 7, 2008, as follows:

1. Section 2.3 of the Plan shall be amended by deleting the phrase "Argonaut Group, Inc." wherever it appears and replacing it with "Argo Group US, Inc."
2. Section 2.6 of the Plan shall be amended by deleting the phrase "Argonaut Group, Inc." wherever it appears and replacing it with "Argo Group US, Inc."
3. Section 2.11 of the Plan shall be amended by adding the following sentence at the end thereof:  
  
"Effective April 7, 2008, the name of the Plan is the Argo Group US Supplemental Executive Retirement Plan."
4. Except as hereinabove amended, the provisions of the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, the Employer, by its duly authorized officer, has caused this First Amendment to be executed on the 28<sup>th</sup> day of September, 2009.

ARGO GROUP US, INC.  
(formerly Argonaut Group, Inc.)

By: /s/ Kevin Silva

**WHEREAS**, Argo Group US, Inc. (the "Employer") heretofore adopted the Argo Group US Supplemental Executive Retirement Plan (the "Plan"); and

**WHEREAS**, the Employer desires to change the company contribution, effective January 3, 2010:

1. Section 7 of the Plan shall be amended by deleting it in its entirety and replacing it with the following:

The Company shall allocate to the account of each Participant an amount equal to the difference between (a) one hundred percent (100%) of the first five percent (5%) of the Participant's Compensation contributed under both this Plan and the 401(k) Plan for the applicable year, and (b) the Company matching contribution made on his or her behalf under the 401(k) Plan for such year. In addition, for each payroll period, the Company shall contribute to the account of each Participant an amount equal to the Employer Base Profit-Sharing Contribution percentage in effect under the 401(k) Plan applied to the Participant's Compensation in excess of the Code Section 401(a)(17) limit for such Plan Year, as determined by the Employer."

IN WITNESS WHEREOF, the Employer, by its duly authorized officer, has caused this Second Amendment to be executed on the 12 day of April, 2010.

By: /s/ Kevin Silva

**THIRD AMENDMENT TO  
ARGO GROUP US SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

WHEREAS, Argo Group US, Inc. ("AGUS") previously adopted the Argo Group US Supplemental Executive Retirement Plan (the "SERP"); and

WHEREAS, AGUS has reserved the right to amend the Plan, by resolution of the board of directors of AGUS (the "Board"), subject to certain limitations not applicable here; and

WHEREAS, the Board desires that certain of its administrative responsibilities be delegated to an appropriate officer of AGUS; and

WHEREAS, the Board desires to modify the manner in which investments options are made available for purposes of the hypothetical investment of amounts credited for the benefit of participants in the SERP;

NOW, THEREFORE, the Plan is hereby amended, effective as of September 21, 2010, as follows:

1. Section 2.1 of the Plan is hereby amended, in its entirety, to read:

2.1 "Administrator" means the Board of such person or persons appointed by the Board to act as Administrator pursuant to Section 16.1.

2. Section 9 of the Plan is amended by the addition of the following at the end thereof:

Notwithstanding the foregoing, each Participant's account balance shall be established initially as of September 21, 2010 using such participant's investment options established with respect to such Participant's funds invested in the 401(k) Plan, but shall thereafter be treated as invested in those investment options chosen by each Participant by his or her election to be made separately with regard to this Plan, pursuant to such rules and regulations as are established, and as modified from time to time, by the Administrator.

3. The first paragraph of Section 16.1 is hereby amended in its entirety to read:

16.1 The Plan shall be administered by the Board or, in the discretion of the Board, by such person or persons as may be designated to act as Administrator with regard to the Plan. All references in the Plan to the Administrator or to the Committee shall be understood as references to such person as has been designated to act as the Administrator, or to the Board itself to the extent the Board has retained or, in the future, retains authority to administer the Plan.

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4. In all other regards, the Plan remains in full force and effect.

IN WITNESS WHEREOF, AGUS, by its duly authorized officer, has caused this Third Amendment to be executed this 9 day of September, 2010.

ARGO GROUP US, INC.

By: /s/ Kevin Silva





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

I, Thomas A. Bradley, Interim 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: May 6, 2022

/s/ Thomas A. Bradley

Thomas A. Bradley

Interim 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: May 6, 2022

/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 March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Thomas A. Bradley, as Interim 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 6th day of May 2022

/s/ Thomas A. Bradley

Thomas A. Bradley

Interim 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 March 31, 2022 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 6th day of May 2022

/s/ Scott Kirk

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Scott Kirk  
Chief Financial Officer