

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

(Mark One)

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the quarterly period ended September 30, 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)

<b>Bermuda</b> (State or other jurisdiction of incorporation or organization) <b>90 Pitts Bay Road</b> <b>Pembroke</b> <b>HM08</b> <b>Bermuda</b> (Address of principal executive offices)	<b>98-0214719</b> (I.R.S. Employer Identification Number) <b>P.O. Box HM 1282</b> <b>Hamilton</b> <b>HM FX</b> <b>Bermuda</b> (Mailing address)
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(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 Respect 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 November 7, 2022.

Title	Outstanding
Common Shares, par value \$1.00 per share	35,055,498

ARGO GROUP INTERNATIONAL HOLDINGS, LTD.

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

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

	September 30, 2022 (Unaudited)	December 31, 2021
<b>Assets</b>		
Investments:		
Fixed maturities available-for-sale, at fair value (amortized cost: 2022 - \$4,131.5, 2021 - \$4,203.2; allowance for expected credit losses: 2022 - \$3.3, 2021 - \$2.5)	\$ 3,730.3	\$ 4,223.3
Commercial mortgage loans (cost: 2022 - \$158.8; allowance for expected credit losses: 2022 - \$0.2)	158.6	—
Equity securities, at fair value (cost: 2022 - \$55.3; 2021 - \$70.3)	43.9	56.3
Other investments (cost: 2022 - \$401.6; 2021 - \$387.0)	401.6	387.2
Short-term investments, at fair value (amortized cost: 2022 - \$570.2; 2021 - \$655.4)	570.7	655.8
Total investments	4,905.1	5,322.6
Cash	99.4	146.1
Accrued investment income	23.1	20.9
Premiums receivable	656.5	648.6
Reinsurance recoverables	3,015.8	2,966.4
Goodwill	136.1	147.3
Intangible assets, net of accumulated amortization	—	17.3
Current income taxes receivable, net	2.8	7.3
Deferred tax asset, net	151.8	73.6
Deferred acquisition costs, net	183.4	168.0
Ceded unearned premiums	450.8	506.7
Operating lease right-of-use assets	60.3	81.4
Other assets	173.6	211.6
<b>Total assets</b>	<b>\$ 9,858.7</b>	<b>\$ 10,317.8</b>
<b>Liabilities and Shareholders' Equity</b>		
Reserves for losses and loss adjustment expenses	\$ 5,731.4	\$ 5,595.0
Unearned premiums	1,404.9	1,466.8
Accrued underwriting expenses and other liabilities	120.3	166.6
Ceded reinsurance payable, net	503.1	724.4
Funds held	253.7	76.6
Senior unsecured fixed rate notes	140.5	140.3
Other indebtedness	52.5	57.0
Junior subordinated debentures	258.5	258.2
Operating lease liabilities	68.9	97.7
<b>Total liabilities</b>	<b>8,533.8</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 September 30, 2022 and December 31, 2021, respectively; liquidation preference \$25,000	144.0	144.0
Common shares - \$1.00 par, 500,000,000 shares authorized; 46,339,696 and 46,192,867 shares issued at September 30, 2022 and December 31, 2021, respectively	46.3	46.2
Additional paid-in capital	1,392.6	1,386.4
Treasury shares (11,318,339 shares at September 30, 2022 and December 31, 2021, respectively)	(455.1)	(455.1)
Retained earnings	530.0	636.4
Accumulated other comprehensive loss, net of taxes	(332.9)	(22.7)
<b>Total shareholders' equity</b>	<b>1,324.9</b>	<b>1,735.2</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 9,858.7</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 September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Premiums and other revenue:				
Earned premiums	\$ 455.0	\$ 487.5	\$ 1,389.9	\$ 1,423.9
Net investment income	34.0	46.1	100.9	143.2
Net investment and other gains (losses):				
Net realized investment and other gains (losses)	(42.3)	0.6	(119.2)	3.3
Change in fair value recognized	(1.1)	(5.1)	2.5	30.7
Change in allowance for credit losses on fixed maturity securities	(1.3)	(0.8)	(2.9)	(1.5)
Total net investment and other gains (losses)	(44.7)	(5.3)	(119.6)	32.5
Total revenue	444.3	528.3	1,371.2	1,599.6
Expenses:				
Losses and loss adjustment expenses	298.8	311.7	858.4	890.9
Underwriting, acquisition and insurance expenses	161.0	177.1	494.9	530.8
Non-operating expenses	11.0	8.2	33.9	20.9
Interest expense	6.8	5.5	18.7	16.3
Fee and other (income) expense, net	0.1	(1.1)	(1.8)	(1.8)
Foreign currency exchange (gains) losses	(9.1)	(1.3)	(16.5)	4.4
Impairment of goodwill and intangible assets	28.5	—	28.5	—
Total expenses	497.1	500.1	1,416.1	1,461.5
Income (loss) before income taxes	(52.8)	28.2	(44.9)	138.1
Income tax provision (benefit)	(4.0)	5.8	21.1	16.1
Net income (loss)	\$ (48.8)	\$ 22.4	\$ (66.0)	\$ 122.0
Dividends on preferred shares	2.6	2.6	7.9	7.9
Net income (loss) attributable to common shareholders	\$ (51.4)	\$ 19.8	\$ (73.9)	\$ 114.1
Net income (loss) attributable to common shareholders per common share:				
Basic	\$ (1.47)	\$ 0.57	\$ (2.11)	\$ 3.28
Diluted	\$ (1.47)	\$ 0.56	\$ (2.11)	\$ 3.26
Dividend declared per common share	\$ 0.31	\$ 0.31	\$ 0.93	\$ 0.93
Weighted average common shares:				
Basic	35,014,182	34,852,274	34,955,787	34,794,078
Diluted	35,014,182	35,034,250	34,955,787	35,059,966

See accompanying notes.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income (loss)	\$ (48.8)	\$ 22.4	\$ (66.0)	\$ 122.0
Other comprehensive income (loss):				
Foreign currency translation:				
Foreign currency translation adjustments	(1.0)	(2.3)	(1.4)	0.2
Reclassification adjustment for foreign currency translation included in net income	—	—	31.8	—
Defined benefit pension plans:				
Net gain arising during the year	—	—	—	1.9
Unrealized losses on fixed maturity securities:				
(Losses) gains arising during the year	(137.6)	(31.5)	(460.0)	(60.3)
Reclassification adjustment for losses (gains) included in net income	47.5	8.2	42.1	(11.0)
Other comprehensive (loss) income before tax	(91.1)	(25.6)	(387.5)	(69.2)
Income tax (benefit) provision related to other comprehensive income (loss):				
Defined benefit pension plans:				
Net gain arising during the year	—	—	—	0.4
Unrealized gains (losses) on fixed maturity securities:				
Losses arising during the year	(24.0)	(4.8)	(86.1)	(11.1)
Reclassification adjustment for losses (gains) included in net income (loss)	9.8	0.4	8.8	(1.9)
Income tax (benefit) provision related to other comprehensive income (loss)	(14.2)	(4.4)	(77.3)	(12.6)
Other comprehensive loss, net of tax	(76.9)	(21.2)	(310.2)	(56.6)
Comprehensive (loss) income	\$ (125.7)	\$ 1.2	\$ (376.2)	\$ 65.4

See accompanying notes.

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

	Preferred Shares and Additional Paid- in Capital	Common Shares	Additional Paid-In Capital	Treasury Shares	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity
<b>Balance, June 30, 2021</b>	\$ 144.0	\$ 46.2	\$ 1,383.1	\$ (455.1)	\$ 756.5	\$ 23.2	\$ 1,897.9
Net income	—	—	—	—	22.4	—	22.4
Other comprehensive loss - Change in fair value of fixed maturities, net of taxes	—	—	—	—	—	(18.9)	(18.9)
Other comprehensive loss, net - Other	—	—	—	—	—	(2.3)	(2.3)
Activity under stock incentive plans	—	—	1.5	—	—	—	1.5
Retirement of common shares (tax payments on equity compensation)	—	—	(0.1)	—	—	—	(0.1)
Employee stock purchase plan	—	—	0.5	—	—	—	0.5
Dividends on preferred shares	—	—	—	—	(2.6)	—	(2.6)
Cash dividend declared - common shares (\$0.31/share)	—	—	—	—	(10.8)	—	(10.8)
<b>Balance, September 30, 2021</b>	<u>\$ 144.0</u>	<u>\$ 46.2</u>	<u>\$ 1,385.0</u>	<u>\$ (455.1)</u>	<u>\$ 765.5</u>	<u>\$ 2.0</u>	<u>\$ 1,887.6</u>
<b>Balance, June 30, 2022</b>	\$ 144.0	\$ 46.3	\$ 1,388.9	\$ (455.1)	\$ 592.6	\$ (256.0)	\$ 1,460.7
Net loss	—	—	—	—	(48.8)	—	(48.8)
Other comprehensive loss - Change in fair value of fixed maturities, net of taxes	—	—	—	—	—	(75.9)	(75.9)
Other comprehensive loss, net - Other	—	—	—	—	—	(1.0)	(1.0)
Activity under stock incentive plans	—	0.1	3.9	—	—	—	4.0
Retirement of common shares (tax payments on equity compensation)	—	(0.1)	(0.6)	—	—	—	(0.7)
Employee stock purchase plan	—	—	0.4	—	—	—	0.4
Dividends on preferred shares	—	—	—	—	(2.6)	—	(2.6)
Cash dividend declared - common shares (\$0.31/share)	—	—	—	—	(11.2)	—	(11.2)
<b>Balance, September 30, 2022</b>	<u>\$ 144.0</u>	<u>\$ 46.3</u>	<u>\$ 1,392.6</u>	<u>\$ (455.1)</u>	<u>\$ 530.0</u>	<u>\$ (332.9)</u>	<u>\$ 1,324.9</u>

See accompanying notes.

	Preferred Shares and Additional Paid- in Capital	Common Shares	Additional Paid-In Capital	Treasury Shares	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity
<b>Balance, December 31, 2020</b>	\$ 144.0	\$ 46.0	\$ 1,380.2	\$ (455.1)	\$ 684.1	\$ 58.6	\$ 1,857.8
Net income	—	—	—	—	122.0	—	122.0
Other comprehensive loss - Change in fair value of fixed maturities, net of taxes	—	—	—	—	—	(58.3)	(58.3)
Other comprehensive income, net - Other	—	—	—	—	—	1.7	1.7
Activity under stock incentive plans	—	0.2	5.8	—	—	—	6.0
Retirement of common shares (tax payments on equity compensation)	—	—	(2.5)	—	—	—	(2.5)
Employee stock purchase plan	—	—	1.5	—	—	—	1.5
Dividends on preferred shares	—	—	—	—	(7.9)	—	(7.9)
Cash dividend declared - common shares (\$0.93/share)	—	—	—	—	(32.7)	—	(32.7)
<b>Balance, September 30, 2021</b>	<u>\$ 144.0</u>	<u>\$ 46.2</u>	<u>\$ 1,385.0</u>	<u>\$ (455.1)</u>	<u>\$ 765.5</u>	<u>\$ 2.0</u>	<u>\$ 1,887.6</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	—	—	—	—	(66.0)	—	(66.0)
Other comprehensive loss - change in fair value of fixed maturities, net of taxes	—	—	—	—	—	(340.6)	(340.6)
Other comprehensive income, net - other	—	—	—	—	—	30.4	30.4
Activity under stock incentive plans	—	0.2	6.8	—	—	—	7.0
Retirement of common shares (tax payments on equity compensation)	—	(0.1)	(1.9)	—	—	—	(2.0)
Employee stock purchase plan	—	—	1.3	—	—	—	1.3
Dividends on preferred shares	—	—	—	—	(7.9)	—	(7.9)
Cash dividend declared - common shares (\$0.93/share)	—	—	—	—	(32.5)	—	(32.5)
<b>Balance, September 30, 2022</b>	<u>\$ 144.0</u>	<u>\$ 46.3</u>	<u>\$ 1,392.6</u>	<u>\$ (455.1)</u>	<u>\$ 530.0</u>	<u>\$ (332.9)</u>	<u>\$ 1,324.9</u>

See accompanying notes.

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

	For the Nine Months Ended September 30,	
	2022	2021
Cash flows provided by (used in) operating activities:		
Net income (loss)	\$ (66.0)	\$ 122.0
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Amortization and depreciation	15.0	28.5
Share-based payments expense	6.4	6.4
Deferred income tax benefit, net	(2.6)	(14.4)
Net investment and other (gains) losses	119.6	(32.5)
Undistributed earnings from alternative investment portfolio	(21.8)	(74.8)
Loss on disposals of long-lived assets, net	(0.6)	1.7
Foreign currency exchange (gains) losses	(16.5)	4.4
Impairment of goodwill and intangibles	28.5	—
Change in:		
Accrued investment income	(2.2)	0.9
Receivables	(274.2)	30.2
Deferred acquisition costs	(17.3)	(12.0)
Ceded unearned premiums	40.4	2.3
Reserves for losses and loss adjustment expenses	334.6	36.5
Unearned premiums	(2.9)	77.3
Ceded reinsurance payable and funds held	(32.1)	(176.3)
Income taxes	1.0	(1.0)
Accrued underwriting expenses and other liabilities	(11.6)	42.5
Other, net	1.8	(0.9)
Cash provided by operating activities	99.5	40.8
Cash flows provided by (used in) investing activities:		
Sales of fixed maturity investments	678.3	786.4
Maturities and mandatory calls of fixed maturity investments	323.8	591.1
Sales of equity securities	16.3	36.9
Sales of other investments	45.3	81.1
Purchases of fixed maturity investments	(1,042.1)	(1,511.9)
Purchases of equity securities	(1.0)	(5.3)
Purchases of other investments	(36.2)	(40.1)
Change in foreign regulatory deposits and voluntary pools	(4.0)	36.2
Purchase of mortgage loans	(158.8)	—
Change in short-term investments	82.2	32.3
Settlements of foreign currency exchange forward contracts	(21.5)	(9.7)
Proceeds from business divestitures, net of cash transferred	13.9	—
Purchases of fixed assets, net	(2.3)	16.0
Other, net	—	37.6
Cash provided by (used in) investing activities	(106.1)	50.6
Cash flows provided by (used in) financing activities:		
Activity under stock incentive plans	2.1	1.2
Payment of cash dividends to preferred shareholders	(7.9)	(7.9)
Payment of cash dividends to common shareholders	(32.5)	(32.7)
Cash used in financing activities	(38.3)	(39.4)
Effect of exchange rate changes on cash	(1.8)	1.2
Change in cash	(46.7)	53.2
Cash, beginning of year	146.1	148.8
Cash, end of period	\$ 99.4	\$ 202.0

See accompanying notes.

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

**1. Business and Significant Accounting Policies**

**Business**

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 and nine months ended, September 30, 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 Underwriting Agency Limited***

On September 8, 2022, Argo International Holdings Limited (the “Seller”), a wholly-owned subsidiary of the Company and Ohio Farmers Insurance Company (the “Buyer”), part of the Westfield group of insurance companies, entered into a sale and purchase agreement (the “Transaction”) under which the Seller agreed to sell, and the Buyer agreed to purchase, the entire issued share capital of Argo Underwriting Agency Limited (“AUA”).

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

The Transaction is subject to a number of closing conditions, including regulatory approvals from Lloyd’s of London, the UK Prudential Regulation Authority and the UK Financial Conduct Authority among others. None of the closing conditions or regulatory approvals were completed or received in advance of the execution of the purchase agreement. There can be no assurance that these required closing conditions or regulatory approvals will be met or received, or will be on terms acceptable to the parties. As of September 30, 2022, numerous closing conditions, including regulatory approvals, remained open.

In addition, the completion of certain closing conditions are not within the Company’s control, and as such, uncertainty exists surrounding the timing and closure of the Transaction. Should the Transaction fail to be completed as a result of regulatory or other closing conditions, it is likely that significant changes to the Company’s plan of sale would be made. Although the Company is not aware of any specific issues that would prevent the closing of the Transaction, until the Company has received regulatory approval and

executed certain critical transactions which may involve third parties as part of the closing conditions, the Company cannot conclude as of September 30, 2022 that the closing of the Transaction is probable before September 30, 2023.

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

On August 8, 2022, the Company entered into a loss portfolio transfer agreement with a wholly owned subsidiary of Enstar Group Limited (“Enstar”) covering a majority of the Company’s U.S. casualty insurance reserves, including construction, for accident years 2011 to 2019.

Enstar’s subsidiary will provide ground up cover of \$746.0 million of reserves, and an additional \$275.0 million of cover in excess of \$821.0 million, up to a policy limit of \$1,096.0 million. The Company will retain a loss corridor of \$75.0 million up to \$821.0 million. For the nine months ended September 30, 2022, the Company recognized \$37.7 million of losses that fall within the corridor.

In addition, as a result of the anticipated loss portfolio transfer, the Company determined that it is more likely than not it will be required to sell certain securities before recovery of its amortized cost. As such, the Company recognized \$34.2 million of realized losses related to the impairment of assets that will be transferred at fair value to a third party at the close of the transaction. These losses were previously a component of accumulated other comprehensive income. The impairment is included as a component of *Net realized investment and other gains (losses)* in our Condensed Consolidated Statements of Income (Loss).

The transaction with Enstar closed on November 9, 2022. See Note 16, “Subsequent Events” for additional information.

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

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

#### ***Loss Portfolio Transfer - Syndicate 1200***

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

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

On February 15, 2022, we completed the sale of our Brazilian operations, Argo Seguros Brasil S.A. (“Argo Seguros”), to Spice Private Equity Ltd., an investment company focused on global private equity investments, for a final purchase price of 140 million Brazilian Reais (approximately \$26.9 million), subject to the terms and conditions set forth in the purchase agreement. Argo Seguros is one of the business units within our International Operations reporting segment. As a result, we realized a loss on the sale of Argo Seguros of \$33.8 million in 2022, which is included as a component of *Net realized investment and other gains (losses)* in our Condensed Consolidated Statements of Income (Loss). This amount includes \$27.3 million of losses from 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.

#### **Basis of Presentation and Use of Estimates**

##### ***Commercial Mortgage Loans***

Commercial mortgages are carried at unpaid principal balances less allowance for credit losses, plus or minus adjustments for the accretion or amortization of discount or premium. Interest income on such loans is accrued as earned.



### Non-Operating Expenses

Non-operating expenses represent costs not associated with our ongoing insurance or other operations, including severance expenses, certain legal costs, merger and acquisition and other transaction-related expenses, and certain non-recurring expenses.

### 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 September 30, 2022 and December 31, 2021 is \$56.4 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:

#### September 30, 2022

(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
<b>Fixed maturities</b>					
U.S. Governments	\$ 548.9	\$ —	\$ 37.1	\$ —	\$ 511.8
Foreign Governments	222.7	0.1	23.8	0.7	198.3
Obligations of states and political subdivisions	171.6	0.7	10.9	0.4	161.0
Corporate bonds	1,864.4	1.5	186.9	2.1	1,676.9
Commercial mortgage-backed securities	398.4	—	52.6	—	345.8
Residential mortgage-backed securities	415.3	0.2	52.6	—	362.9
Asset-backed securities	195.8	—	13.3	0.1	182.4
Collateralized loan obligations	314.4	—	23.2	—	291.2
<b>Total fixed maturities</b>	<b>\$ 4,131.5</b>	<b>\$ 2.5</b>	<b>\$ 400.4</b>	<b>\$ 3.3</b>	<b>\$ 3,730.3</b>

#### December 31, 2021

(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
<b>Fixed maturities</b>					
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
<b>Total fixed maturities</b>	<b>\$ 4,203.2</b>	<b>\$ 63.4</b>	<b>\$ 40.8</b>	<b>\$ 2.5</b>	<b>\$ 4,223.3</b>

### Contractual Maturity

The amortized cost and fair values of fixed maturity investments as of September 30, 2022, by contractual maturity, were as follows:

(in millions)	Amortized Cost	Fair Value
Due in one year or less	\$ 174.0	\$ 170.8
Due after one year through five years	1,921.3	1,783.4
Due after five years through ten years	647.5	542.1
Due after ten years	64.7	51.6
Structured securities	1,324.0	1,182.4
Total	<u>\$ 4,131.5</u>	<u>\$ 3,730.3</u>

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

### Other Investments

Details regarding the carrying value and unfunded investment commitments of other investments as of September 30, 2022 and December 31, 2021 were as follows:

#### September 30, 2022

(in millions)	Carrying Value	Unfunded Commitments
<b>Investment Type</b>		
Hedge funds	\$ 55.0	\$ —
Private equity	263.0	116.3
Overseas deposits	78.9	—
Other	4.7	—
<b>Total other investments</b>	<u>\$ 401.6</u>	<u>\$ 116.3</u>

#### December 31, 2021

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

The following describes each investment type:

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

## Unrealized Losses

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

September 30, 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	\$ 430.0	\$ 26.0	\$ 81.8	\$ 11.1	\$ 511.8	\$ 37.1
Foreign Governments	134.6	17.4	63.7	6.4	198.3	23.8
Obligations of states and political subdivisions	141.7	6.4	19.3	4.5	161.0	10.9
Corporate bonds	1,305.7	111.1	371.2	75.8	1,676.9	186.9
Commercial mortgage-backed securities	243.2	26.0	102.6	26.6	345.8	52.6
Residential mortgage-backed securities	232.3	25.1	130.6	27.5	362.9	52.6
Asset-backed securities	175.8	12.4	6.6	0.9	182.4	13.3
Collateralized loan obligations	278.2	22.3	13.0	0.9	291.2	23.2
Total fixed maturities	\$ 2,941.5	\$ 246.7	\$ 788.8	\$ 153.7	\$ 3,730.3	\$ 400.4

  

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	\$ 1,967.8	\$ 36.9	\$ 70.0	\$ 3.9	\$ 2,037.8	\$ 40.8

We held a total of 5,020 fixed maturity securities, of which 1,115 were in an unrealized loss position for less than one year and 306 were in an unrealized loss position for a period one year or greater as of September 30, 2022. The unrealized losses as of September 30, 2022 are primarily driven from interest rate movements.

## Allowance for Credit Losses

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

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

In cooperation with our investment managers, we evaluate for credit losses each quarter utilizing a bottom up review approach. At the security level, a determination is made as to whether a decline in fair value below the amortized cost basis is due to credit-related or noncredit-related factors. If we determine that all or a portion of a fixed maturity is uncollectible, the uncollectible amortized cost is written off with a corresponding reduction to the allowance for credit losses. If we collect cash flows that were previously written off, the recovery is recognized in 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 investment and other gains (losses)* in the Condensed Consolidated Statements of Income (Loss) based on the fair value of the security at the time of assessment, resulting in a new cost basis for the security.

The following table presents a roll-forward of the changes in allowance for credit losses on available-for-sale fixed maturities by industry category for the three and nine months ending September 30, 2022 and 2021, respectively:

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

(in millions)	Foreign Governments	Obligations of states and political subdivisions	Corporate bonds	Asset backed securities	Total
Beginning balance, June 30, 2021	\$ 0.2	\$ —	\$ 6.2	\$ —	\$ 6.4
Securities for which allowance was not previously recorded	—	—	0.7	0.2	0.9
Securities sold during the period	—	—	(0.2)	—	(0.2)
Additional net increases (decreases) in existing allowance	—	—	(0.1)	—	(0.1)
Ending balance, September 30, 2021	\$ 0.2	\$ —	\$ 6.6	\$ 0.2	\$ 7.0

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

(in millions)	Foreign Governments	Obligations of states and political subdivisions	Corporate bonds	Asset backed securities	Total
Beginning balance, January 1, 2021	\$ 0.2	\$ 0.1	\$ 6.1	\$ 0.2	\$ 6.6
Securities for which allowance was not previously recorded	—	—	2.7	0.2	2.9
Securities sold during the period	—	—	(1.1)	—	(1.1)
Additional net increases (decreases) in existing allowance	—	(0.1)	(1.1)	(0.2)	(1.4)
Ending balance, September 30, 2021	\$ 0.2	\$ —	\$ 6.6	\$ 0.2	\$ 7.0

Total credit impairment (gains) losses, net of allowance for credit losses, included in *Net investment and other gains (losses)* in the Condensed Consolidated Statements of Income (Loss) was \$1.3 million and \$2.9 million for the three and nine months ended

September 30, 2022, respectively. Total credit impairment (gains) losses, net of allowance for credit losses, included in *Net investment and other gains (losses)* in the Condensed Consolidated Statements of Income was \$0.8 million and \$1.5 million for the three and nine months ended September 30, 2021, respectively.

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

### Commercial Mortgage Loans

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

(in millions)	September 30, 2022		
	Cost	Composition	Loan Count
Apartments	\$ 86.3	54.4 %	16
Hotel	25.0	15.7 %	4
Industrial	26.0	16.3 %	4
Retail	21.5	13.6 %	4
Total	\$ 158.8	100.0 %	28

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

(in millions)	September 30, 2022	
	Cost	Loan Count
1.00 to 1.50	\$ 10.4	2
Greater than 1.5 to 2.0	59.3	10
Greater than 2.0 to 3.0	52.0	10
Greater than 3.0 to 4.0	25.8	4
Greater than 4.0	11.3	2
Total	\$ 158.8	28

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

(in millions)	September 30, 2022	
	Cost	Loan Count
Equal to or less than 50.0%	\$ 35.6	6
Greater than 50.0% to 55.0%	9.1	2
Greater than 55.0% to 60.0%	42.6	8
Greater than 60.0% to 70.0%	71.5	12
Total	\$ 158.8	28

The following table presents loans by maturity:

(in millions)	September 30, 2022			
	Cost		Loan Count	
Greater than One Year and Less than Three	\$	54.8	\$	10
Greater than Three Years and Less than Five Years		33.8		6
Greater than Five Years and Less than Seven Years		20.4		4
Greater than Seven Years and Less than Ten Years		49.8		8
Total	\$	158.8		28

### Investment Gains and Losses

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

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Realized gains on fixed maturities and other:				
Fixed maturities	\$ 1.1	\$ 3.3	\$ 17.0	\$ 26.3
Other investments, including short-terms	7.8	0.9	19.9	8.9
Other assets	—	—	—	3.4
	<u>8.9</u>	<u>4.2</u>	<u>36.9</u>	<u>38.6</u>
Realized losses on fixed maturities and other:				
Fixed maturities	(3.5)	(0.4)	(24.9)	(5.0)
Other investments, including short-terms	(12.1)	(3.3)	(40.1)	(16.6)
Other assets	—	(1.4)	—	(14.0)
	<u>(15.6)</u>	<u>(5.1)</u>	<u>(65.0)</u>	<u>(35.6)</u>
Other net losses recognized on fixed maturities and other:				
Credit gains (losses) on fixed maturities	(1.5)	(0.7)	(4.9)	(1.5)
Impairment related to change in intent <sup>(1)</sup>	(34.2)	—	(34.2)	—
Other <sup>(2)</sup>	(1.4)	—	(55.1)	—
	<u>(37.1)</u>	<u>(0.7)</u>	<u>(94.2)</u>	<u>(1.5)</u>
Equity securities:				
Net realized gains (losses) on equity securities	0.2	1.4	0.2	0.3
Change in unrealized gains (losses) on equity securities held at the end of the period	(1.1)	(5.1)	2.5	30.7
Net gains (losses) on equity securities	<u>(0.9)</u>	<u>(3.7)</u>	<u>2.7</u>	<u>31.0</u>
Net investment and other gains (losses) before income taxes	(44.7)	(5.3)	(119.6)	32.5
Income tax (benefit) provision	(7.0)	—	(8.8)	—
Net investment and other gains (losses), net of income taxes	<u>\$ (37.7)</u>	<u>\$ (5.3)</u>	<u>\$ (110.8)</u>	<u>\$ 32.5</u>

<sup>(1)</sup> Refer to the Loss Portfolio Transfer - U.S. in Note 1, "Business and Significant Accounting Policies" for additional information.

<sup>(2)</sup> Refer to the sale of AGSE and Argo Seguros in Note 1, "Business and Significant Accounting Policies" for additional information.

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

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

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Change in unrealized gains (losses)				
Fixed maturities	\$ (88.9)	\$ (23.0)	\$ (417.6)	\$ (70.7)
Other and short-term investments	(1.2)	(0.3)	(0.3)	(0.6)
Net unrealized investment gains (losses) before income taxes	(90.1)	(23.3)	(417.9)	(71.3)
Income tax provision (benefit)	(14.2)	(4.4)	(77.3)	(13.0)
Net unrealized investment gains (losses), net of income taxes	<u>\$ (75.9)</u>	<u>\$ (18.9)</u>	<u>\$ (340.6)</u>	<u>\$ (58.3)</u>

#### 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 September 30, 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 September 30, 2022 and December 31, 2021 was as follows:

(in millions)	September 30, 2022		December 31, 2021	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Operational currency exposure	\$ 288.8	\$ (3.4)	\$ 276.3	\$ (0.3)
Asset manager investment exposure	25.0	3.8	35.5	(0.3)
Total	<u>\$ 313.8</u>	<u>\$ 0.4</u>	<u>\$ 311.8</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 September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Realized gains				
Operational currency exposure	\$ 4.7	\$ —	\$ 12.5	\$ 7.1
Asset manager investment exposure	3.1	1.0	7.3	2.8
Total return strategy	—	6.9	—	13.0
Gross realized investment gains	<u>7.8</u>	<u>7.9</u>	<u>19.8</u>	<u>22.9</u>
Realized losses				
Operational currency exposure	(11.2)	(5.2)	(36.7)	(17.8)
Asset manager investment exposure	—	—	(1.0)	(0.8)
Total return strategy	—	(6.9)	—	(12.0)
Gross realized investment losses	<u>(11.2)</u>	<u>(12.1)</u>	<u>(37.7)</u>	<u>(30.6)</u>
Net realized investment (losses) gains on foreign currency exchange forward contracts	<u>\$ (3.4)</u>	<u>\$ (4.2)</u>	<u>\$ (17.9)</u>	<u>\$ (7.7)</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)	September 30, 2022	December 31, 2021
Securities on deposit for regulatory and other purposes	\$ 158.5	\$ 195.6
Securities pledged as collateral for letters of credit and other	178.5	193.9
Securities on deposit supporting Lloyd's business <sup>(1)</sup>	257.0	296.8
Total restricted investments	<u>\$ 594.0</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 September 30, 2022 the amount of securities pledged for FAL was \$257.0 million, of which \$134.0 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.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. We receive one quote per instrument for Level 2 inputs.
- Level 3 inputs are unobservable inputs. Unobservable inputs reflect our own judgments about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

To validate the fair value of investments in the Company's financial statements, we receive prices from multiple sources including third-party pricing services and our outside investment managers. Through a comparative analysis, the Company validates the reasonableness of its valuations. These prices are determined using observable market information such as dealer quotes, market spreads, cash flows, yield curves, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the security's terms and conditions, among other things. We have reviewed the processes used by the third-party providers for pricing the securities and have determined that these processes result in fair values consistent with GAAP requirements. In addition, we review these prices for reasonableness, and have not adjusted any prices received from the third-party providers as of September 30, 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 and liabilities measured at fair value on a recurring basis have been categorized as follows:

(in millions)	September 30, 2022	Fair Value Measurements at Reporting Date Using		
		Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</sup>
<b>Fixed maturities</b>				
U.S. Governments	\$ 511.8	\$ 507.5	\$ 4.3	\$ —
Foreign Governments	198.3	—	198.3	—
Obligations of states and political subdivisions	161.0	—	161.0	—
Corporate bonds	1,676.9	—	1,654.3	22.6
Commercial mortgage-backed securities	345.8	—	345.8	—
Residential mortgage-backed securities	362.9	—	362.9	—
Asset-backed securities	182.4	—	163.2	19.2
Collateralized loan obligations	291.2	—	291.2	—
<b>Total fixed maturities</b>	<b>3,730.3</b>	<b>507.5</b>	<b>3,181.0</b>	<b>41.8</b>
Equity securities	43.9	26.9	—	17.0
Other investments	79.2	—	79.2	—
Short-term investments	570.7	570.3	0.4	—
Derivatives	0.4	—	0.4	—
<b>Total assets</b>	<b>\$ 4,424.5</b>	<b>\$ 1,104.7</b>	<b>\$ 3,261.0</b>	<b>\$ 58.8</b>

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

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

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

(in millions)	Fair Value Measurements at Reporting Date Using			
	December 31, 2021	Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</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	—
<b>Total fixed maturities</b>	<b>4,223.3</b>	<b>417.4</b>	<b>3,803.1</b>	<b>2.8</b>
<b>Equity securities</b>	<b>56.3</b>	<b>41.6</b>	<b>—</b>	<b>14.7</b>
<b>Other investments</b>	<b>75.4</b>	<b>—</b>	<b>75.4</b>	<b>—</b>
<b>Short-term investments</b>	<b>655.8</b>	<b>653.9</b>	<b>1.9</b>	<b>—</b>
<b>Total assets</b>	<b>\$ 5,010.8</b>	<b>\$ 1,112.9</b>	<b>\$ 3,880.4</b>	<b>\$ 17.5</b>
<b>Derivatives</b>	<b>\$ 0.6</b>	<b>\$ —</b>	<b>\$ 0.6</b>	<b>\$ —</b>
<b>Total liabilities</b>	<b>\$ 0.6</b>	<b>\$ —</b>	<b>\$ 0.6</b>	<b>\$ —</b>

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

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

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

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

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

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

(in millions)	Credit Financial	Equity Securities	Total
<b>Beginning balance, January 1, 2022</b>	<b>\$ 2.8</b>	<b>\$ 14.7</b>	<b>\$ 17.5</b>
Transfers into Level 3	42.6	0.6	43.2
Transfers out of Level 3	—	—	—
Total gains or losses (realized/unrealized):			
Included in net income	(0.3)	0.6	0.3
Included in other comprehensive income	(2.9)	—	(2.9)
Purchases, issuances, sales, and settlements:			
Purchases	1.4	1.1	2.5
Issuances	—	—	—
Sales	(1.8)	—	(1.8)
Settlements	—	—	—
<b>Ending balance, September 30, 2022</b>	<b>\$ 41.8</b>	<b>\$ 17.0</b>	<b>\$ 58.8</b>
Amount of total gains or losses for the year included in net income attributable to the change in unrealized gains or losses relating to assets still held at September 30, 2022	\$ —	\$ (3.6)	\$ (3.6)

(in millions)	Credit Financial	Equity Securities	Total
Beginning balance, January 1, 2021	\$ 7.0	\$ 17.5	\$ 24.5
Transfers into Level 3	—	2.4	2.4
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	\$ 14.7	\$ 17.5
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	\$ —	\$ —	\$ —

At September 30, 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.

The Company holds investments in commercial mortgage loans reported at cost, less an allowance for expected credit losses, on the Balance Sheet. As of September 30, 2022, the cost and estimated fair value of the investments in commercial mortgage loans were:

(in millions)	September 30, 2022	
	Cost	Fair Value
Commercial Mortgage Loans	\$ 158.8	\$ 152.7

#### 4. Allowance for Credit Losses

##### *Premiums receivable*

The following table represents the balances of premiums receivable, net of allowance for expected credit losses, at September 30, 2022 and January 1, 2022, and the changes in the allowance for expected credit losses for the nine months ended September 30, 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		0.2
Write-offs of uncollectible premiums receivable <sup>(1)</sup>		(1.8)
Balance, September 30, 2022	\$ 656.5	\$ 4.1

<sup>(1)</sup> Includes allowance transferred as a result of divestitures in the amount of \$1.5 million.

##### *Reinsurance Recoverables*

The following table presents the balances of reinsurance recoverables, net of the allowance for estimated uncollectible reinsurance, at September 30, 2022 and January 1, 2022, and changes in the allowance for estimated uncollectible reinsurance for the nine months ended September 30, 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		0.7
Write-offs of uncollectible reinsurance recoverables		—
Balance, September 30, 2022	\$ 3,015.8	\$ 4.5

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

## 5. Reserves for Losses and Loss Adjustment Expenses

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

(in millions)	For the Nine Months Ended September 30,	
	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	826.8	884.9
Prior accident years	31.6	6.0
Losses and LAE incurred during calendar year, net of reinsurance	858.4	890.9
Deduct:		
Losses and LAE payments made during current calendar year, net of reinsurance:		
Current accident year	112.0	100.5
Prior accident years	623.2	552.8
Losses and LAE payments made during current calendar year, net of reinsurance:	735.2	653.3
Divestitures <sup>(1)</sup>	(35.2)	—
Net reserves ceded:		
Loss portfolio transfer (for years of account 2019 and 2018) <sup>(2)</sup>	(175.5)	—
Reinsurance to close transaction (for years of account 2017 and prior) <sup>(3)</sup>	—	219.7
Change in participation interest <sup>(4)</sup>	32.2	12.5
Foreign exchange adjustments	(10.6)	(7.3)
Net reserves - end of period	3,057.3	2,929.2
Add:		
Reinsurance recoverables on unpaid losses and LAE, end of period	2,674.1	2,510.3
Gross reserves - end of period	\$ 5,731.4	\$ 5,439.5

<sup>(1)</sup> Refer to the sale of Argo Seguros and AGSE in Note 1, “Business and Significant Accounting Policies” for additional information.

<sup>(2)</sup> Loss portfolio transfer on Syndicate 1200’s reserves for the 2018 and 2019 years of account. Refer to Note 1, “Business and Significant Accounting Policies” for additional information.

<sup>(3)</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>(4)</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.

Underwriting results for the nine months ended September 30, 2022 included net losses and loss adjustment expenses for Hurricane Ian of \$23.4 million.

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

(in millions)	For the Nine Months Ended September 30,	
	2022	2021
U.S. Operations	\$ 27.9	\$ (0.7)
International Operations	0.8	0.1
Run-off Lines	2.9	6.6
Total (favorable) unfavorable prior-year development	\$ 31.6	\$ 6.0

The following describes the primary factors behind each segment's prior accident year reserve development for the nine months ended September 30, 2022 and 2021:

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

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

***Nine months ended September 30, 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.

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 September 30, 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 instruments and have determined that these processes result in fair values consistent with GAAP requirements. In addition, we review these prices for reasonableness, and have not adjusted any prices received from the third-party providers as of September 30, 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 less frequently traded.

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

(in millions)	September 30, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Junior subordinated debentures:				
Trust preferred debentures	\$ 172.7	\$ 168.2	\$ 172.7	\$ 172.9
Subordinated debentures	85.8	89.4	85.5	91.9
Total junior subordinated debentures	258.5	257.6	258.2	264.8
Senior unsecured fixed rate notes	140.5	131.6	140.3	148.4
Floating rate loan stock	52.5	51.1	57.0	57.1
	<u>\$ 451.5</u>	<u>\$ 440.3</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			
	September 30, 2022	Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</sup>
Junior subordinated debentures:				
Trust preferred debentures	\$ 168.2	\$ —	\$ 168.2	\$ —
Subordinated debentures	89.4	—	89.4	—
Total junior subordinated debentures	257.6	—	257.6	—
Senior unsecured fixed rate notes	131.6	131.6	—	—
Floating rate loan stock	51.1	—	51.1	—
	<u>\$ 440.3</u>	<u>\$ 131.6</u>	<u>\$ 308.7</u>	<u>\$ —</u>

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

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

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

(in millions)	Fair Value Measurements at Reporting Date Using			
	December 31, 2021	Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</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>(1)</sup> Quoted prices in active markets for identical assets

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

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

## 7. Shareholders' Equity

### Dividends

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

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

On August 6, 2021, our Board of Directors declared a quarterly cash dividend in the amount of \$0.31 on each common share outstanding. On September 15, 2021, we paid \$10.8 million to our shareholders of record on August 31, 2021.

On August 6, 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 September 15, 2021, we paid \$2.6 million to our shareholders of record of Series A Preference Shares on August 31, 2021.

### Stock Repurchases

On May 3, 2016, our Board of Directors authorized the repurchase of up to \$150.0 million of our common shares ("2016 Repurchase Authorization"). The 2016 Repurchase Authorization supersedes all previous repurchase authorizations. As of September 30, 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 nine months ended September 30, 2022 and September 30, 2021.

## 8. Accumulated Other Comprehensive Income (Loss)

A summary of changes in accumulated other comprehensive (loss) income, net of taxes (where applicable) by component for the nine months ended September 30, 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 loss before reclassifications	(1.4)	(373.9)	—	(375.3)
Amounts reclassified from accumulated other comprehensive loss	31.8	33.3	—	65.1
Net current-period other comprehensive income (loss)	30.4	(340.6)	—	(310.2)
<b>Balance, September 30, 2022</b>	<u>\$ (4.9)</u>	<u>\$ (320.9)</u>	<u>\$ (7.1)</u>	<u>\$ (332.9)</u>

(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 income (loss) before reclassifications	0.2	(49.2)	1.5	(47.5)
Amounts reclassified from accumulated other comprehensive loss	—	(9.1)	—	(9.1)
Net current-period other comprehensive income (loss)	0.2	(58.3)	1.5	(56.6)
<b>Balance, September 30, 2021</b>	<u>\$ (37.7)</u>	<u>\$ 46.8</u>	<u>\$ (7.1)</u>	<u>\$ 2.0</u>



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

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Unrealized gains and losses on securities:				
Net realized investment gains (losses) <sup>(1)</sup>	\$ 47.5	\$ 8.2	\$ 42.1	\$ (11.0)
Provision for income taxes	(9.8)	(0.4)	(8.8)	1.9
Foreign currency translation adjustments:				
Net realized foreign currency translation losses <sup>(2)</sup>	—	—	31.8	—
Total, net of taxes	<u>\$ 37.7</u>	<u>\$ 7.8</u>	<u>\$ 65.1</u>	<u>\$ (9.1)</u>

<sup>(1)</sup> Net realized investment gains (losses) includes losses realized as a result of the Loss Portfolio Transfer - U.S. Refer to the sale of Argo Underwriting Agency Limited in Note 1, "Business and Significant Accounting Policies" for additional information.

<sup>(2)</sup> Foreign currency translation losses were realized as a result of the sale of Argo Seguros and AGSE. Refer to the sale of Argo Seguros and AGSE in Note 1, "Business and Significant Accounting Policies" for additional information.

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

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

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

(in millions, except number of shares and per share amounts)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income (loss)	\$ (48.8)	\$ 22.4	\$ (66.0)	\$ 122.0
Less: Preferred share dividends	2.6	2.6	7.9	7.9
Net income (loss) attributable to common shareholders	<u>(51.4)</u>	<u>19.8</u>	<u>(73.9)</u>	<u>114.1</u>
Weighted average common shares outstanding - basic	35,014,182	34,852,274	34,955,787	34,794,078
Effect of dilutive securities:				
Equity compensation awards	—	181,976	—	265,888
Weighted average common shares outstanding - diluted	<u>35,014,182</u>	<u>35,034,250</u>	<u>34,955,787</u>	<u>35,059,966</u>
Net income (loss) per common share:				
Basic	<u>\$ (1.47)</u>	<u>\$ 0.57</u>	<u>\$ (2.11)</u>	<u>\$ 3.28</u>
Diluted	<u>\$ (1.47)</u>	<u>\$ 0.56</u>	<u>\$ (2.11)</u>	<u>\$ 3.26</u>

Excluded from the weighted average common shares outstanding calculation at September 30, 2022 and 2021 are 11,318,339 shares, which are held as treasury shares. The shares are excluded as of their repurchase date. Excluded from the computation of diluted net loss per common shares were 9,049 and 96,973 potentially dilutive shares for the three and nine months ended September 30, 2022, respectively. The potentially dilutive shares were excluded due to the net loss incurred for the periods presented. For the three and nine months ended September 30, 2021, 26,422 and 49,796, respectively, weighted average shares were excluded from the computation of diluted net income per common shares as they were antidilutive.

## 10. Supplemental Cash Flow Information

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

(in millions)	For the Nine Months Ended September 30,	
	2022	2021
Senior unsecured fixed rate notes	\$ 7.0	\$ 7.0
Junior subordinated debentures	9.0	7.5
Other indebtedness	1.0	1.5
Total interest paid	\$ 17.0	\$ 16.0
Income taxes paid	\$ 26.2	\$ 30.7
Income taxes recovered	(0.5)	(1.2)
Income taxes paid, net	\$ 25.7	\$ 29.5

## 11. Share-based Compensation

### Argo Group's 2019 Omnibus Incentive Plan

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

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

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

### Restricted Shares

A summary of non-vested restricted share activity as of September 30, 2022 and changes during the nine months then ended is as follows:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2022	278,430	\$ 49.57
Granted	357,408	39.47
Reclassified from performance shares	14,373	32.61
Vested and issued	(153,391)	47.02
Expired or forfeited	(118,339)	43.48
Outstanding at September 30, 2022	378,481	\$ 42.33

The restricted shares generally vest over one to four years. Expense recognized under this plan for the restricted shares was \$3.2 million and \$6.5 million for the three and nine months ended September 30, 2022, respectively, as compared to \$1.4 million and \$4.3 million for the three and nine months ended September 30, 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 September 30, 2022, there was \$13.2 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 September 30, 2022 and changes during the nine months then ended is as follows:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2022	200,564	\$ 47.52
Granted	124,464	41.00
Reclassified to restricted shares	(14,373)	32.61
Vested and issued	(3,275)	61.05
Expired or forfeited	(176,128)	44.75
Outstanding at September 30, 2022	131,252	\$ 46.34

Expense recognized under this plan for the performance shares was \$0.5 million for the three months ended September 30, 2022, compared to \$0.2 million for the three months ended September 30, 2021. For the nine months ended September 30, 2022, we recouped expense of \$0.1 million, compared to expense of \$1.8 million for the nine months ended September 30, 2021. The recoupment of expenses recognized for the nine months ended September 30, 2022 was primarily attributable to the forfeiture of awards due to the departure of our former president and chief executive officer. As of September 30, 2022, there was \$3.5 million of total unrecognized compensation cost related to performance share compensation arrangements granted by Argo Group.

### Stock-settled Share Appreciation Rights

In June 2022, we issued 135,000 stock-settled share appreciation rights ("SSARs") to our Chief Executive Officer. The SSARs will vest on a pro rata basis over a three year period, and have an exercise price of \$43.80 per share. We valued the shares using the Black Scholes model, which resulted in a grant date fair value of \$8.28 per share. As of September 30, 2022, we recognized \$0.1 million in expense. Unamortized expense at September 30, 2022 was \$1.0 million.

## 12. Underwriting, Acquisition and Insurance Expenses

Underwriting, acquisition and insurance expenses were as follows:

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Commissions	\$ 72.7	\$ 88.0	\$ 211.9	\$ 236.2
Other underwriting and insurance expenses	97.5	105.1	297.9	315.7
Total underwriting, acquisition and insurance expenses before deferral	170.2	193.1	509.8	551.9
Net deferral of policy acquisition costs	(9.2)	(16.0)	(14.9)	(21.1)
Total underwriting, acquisition and insurance expenses	\$ 161.0	\$ 177.1	\$ 494.9	\$ 530.8

## 13. Income Taxes

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

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

We have 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 file a consolidated U.S. federal income tax return.

We also have operations in Ireland, Italy, and Switzerland, which also are subject to income taxes imposed by the jurisdiction in which they operate. During 2022, our operations in Brazil and Malta 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.

On August 16, 2022, U.S. tax legislation referred to as the Inflation Reduction Act of 2022 was enacted. The Company does not anticipate an impact to our financial statements in regards to the recent legislative change.

Our expected income tax provision computed on pre-tax income (loss) at the weighted average tax rate has been calculated as the sum of the pre-tax income (loss) in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate. For the three and nine months ended September 30, 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 September 30,			
	2022		2021	
	Pre-Tax Income (Loss)	Effective Tax Rate	Pre-Tax Income (Loss)	Effective Tax Rate
Bermuda	\$ (11.3)	— %	\$ 7.2	— %
United States	(3.2)	46.3 %	21.4	26.8 %
United Kingdom	(37.6)	6.8 %	(6.1)	(1.0)%
Brazil	—	— %	5.9	— %
United Arab Emirates	0.5	— %	0.9	— %
Ireland	(1.3)	— %	— <sup>(1)</sup>	— %
Italy	0.1	(1.7)%	0.2	— %
Malta	—	— %	(1.3)	— %
Switzerland	—	— %	— <sup>(1)</sup>	— %
Pre-tax income	<u>\$ (52.8)</u>	<u>7.6 %</u>	<u>\$ 28.2</u>	<u>20.6 %</u>

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

(in millions)	For the Nine Months Ended September 30,			
	2022		2021	
	Pre-Tax Income (Loss)	Effective Tax Rate	Pre-Tax Income (Loss)	Effective Tax Rate
Bermuda	\$ (60.3)	— %	\$ 14.5	— %
United States	81.6	20.7 %	126.7	20.7 %
United Kingdom	(23.9)	(16.2)%	(14.9)	68.4 %
Brazil	(0.1)	(422.4)%	9.8	— %
United Arab Emirates	1.3	— %	1.2	— %
Ireland	(39.3)	— %	(0.1)	— %
Italy	(0.1)	(46.4)%	1.4	— %
Malta	(4.1)	— %	(0.4)	— %
Switzerland	—	— %	(0.1)	— %
Pre-tax income	<u>\$ (44.9)</u>	<u>(47.0)%</u>	<u>\$ 138.1</u>	<u>11.7 %</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 September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Income tax provision at expected rate	\$ (7.8)	\$ 5.6	\$ 11.1	\$ 28.4
Tax effect of:				
Nontaxable investment income	(0.1)	(0.1)	(0.3)	(0.4)
Foreign exchange adjustments	—	0.2	0.8	(0.3)
Goodwill and intangible assets	5.5	—	5.5	—
Withholding taxes	—	—	—	0.1
Sale of Brazil and Malta Operations	0.1	—	6.6	—
Change in uncertain tax position liability	—	(0.4)	0.6	(2.3)
Change in valuation allowance	(1.3)	0.8	(6.7)	(1.1)
Impact of change in tax rate related to Finance Act 2021	(0.4)	—	0.9	(7.4)
Prior period adjustment	(0.5)	—	0.3	—
Other	0.5	(0.3)	2.3	(0.9)
Income tax provision	<u>\$ (4.0)</u>	<u>\$ 5.8</u>	<u>\$ 21.1</u>	<u>\$ 16.1</u>

Our gross deferred tax assets are supported by taxes paid in previous periods, reversal of taxable temporary differences and recognition of future taxable income. Management regularly evaluates the recoverability of the deferred tax assets and makes any necessary adjustments to them based upon any changes in management's expectations of future taxable income. Realization of deferred tax assets is dependent upon our generation of future taxable income sufficient to recover tax benefits that cannot be recovered from taxes paid in the carryback period, generally for our U.S. property and casualty insurers two years for net operating losses and for all our U.S. subsidiaries three years for capital losses. If a company determines that any of its deferred tax assets will not result in future tax benefits, a valuation allowance must be established for the portion of these assets that are not expected to be realized. For the three and nine months ended September 30, 2022, the net change in valuation allowance for deferred tax assets was a decrease of \$1.3 million and \$6.7 million, respectively, 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 and nine months ended September 30, 2022, the Company had a net increase of uncertain tax positions in the amount of \$0.0 million and \$0.6 million related to state income tax liability. Separately, a net increase of interest in the amount of \$0.1 million and \$0.2 million has been recorded in the line item Interest expense in our Consolidated Statements of Income (Loss) for the three and nine months ended September 30, 2022. No change to penalties were recorded for the three and nine months ended September 30, 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.

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

Argo Group's subsidiaries are parties to legal actions incidental to their business. As of September 30, 2022, management believed that the resolution of these matters would not materially affect our financial condition or results of operations. See Note 16, "Subsequent Events" for information regarding the securities class action lawsuit filed against the Company on October 20, 2022.

We have contractual commitments to invest up to \$116.3 million related to our limited partnership investments at September 30, 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.

On November 9, 2022, the U.S. Loss Portfolio Transaction with Enstar covering a majority of the Company's U.S. casualty insurance reserves, including construction, for accident years 2011 to 2019 closed. See Note 16, "Subsequent Events" for information on contractual commitments as a result of this transaction.

#### **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 September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue:				
Earned premiums				
U.S. Operations	\$ 329.3	\$ 323.5	\$ 998.5	\$ 952.4
International Operations	125.2	163.9	390.7	471.1
Run-off Lines	0.5	0.1	0.7	0.4
Total earned premiums	455.0	487.5	1,389.9	1,423.9
Net investment income				
U.S. Operations	23.1	29.2	68.7	91.7
International Operations	10.3	12.3	30.4	38.2
Run-off Lines	0.6	0.9	1.8	2.8
Corporate and Other	—	3.7	—	10.5
Total net investment income	34.0	46.1	100.9	143.2
Net investment and other gains (losses)	(44.7)	(5.3)	(119.6)	32.5
Total revenue	\$ 444.3	\$ 528.3	\$ 1,371.2	\$ 1,599.6

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Income (loss) before income taxes				
U.S. Operations	\$ 26.6	\$ 39.9	\$ 113.5	\$ 130.1
International Operations	3.3	6.9	28.6	14.6
Run-off Lines	0.7	(3.6)	(1.9)	(4.5)
Total segment income before income taxes	30.6	43.2	140.2	140.2
Corporate and Other	(19.3)	(11.0)	(53.5)	(30.2)
Net investment and other gains (losses)	(44.7)	(5.3)	(119.6)	32.5
Foreign currency exchange gains (losses)	9.1	1.3	16.5	(4.4)
Impairment of goodwill	(28.5)	—	(28.5)	—
Total income (loss) before income taxes	\$ (52.8)	\$ 28.2	\$ (44.9)	\$ 138.1

The table below presents earned premiums by geographic location for the three and nine months ended September 30, 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 September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
United States	\$ 329.8	\$ 322.7	\$ 999.2	\$ 949.7
United Kingdom	113.8	129.1	349.8	344.9
Bermuda	11.4	10.3	28.8	46.1
Malta	—	7.7	3.7	32.7
All other jurisdictions	—	17.7	8.4	50.5
Total earned premiums	\$ 455.0	\$ 487.5	\$ 1,389.9	\$ 1,423.9

The following table represents identifiable assets:

(in millions)	September 30, 2022	December 31, 2021
U.S. Operations	\$ 5,597.1	\$ 5,800.1
International Operations	3,864.4	3,932.3
Run-off Lines	266.1	314.7
Corporate and Other	131.1	270.7
Total	<u>\$ 9,858.7</u>	<u>\$ 10,317.8</u>

Included in total assets at September 30, 2022 and December 31, 2021 are \$302.5 million and \$554.2 million, respectively, in assets associated with trade capital providers.

## 16. Subsequent Events

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

On November 9, 2022, the U.S. Loss Portfolio Transaction with Enstar covering a majority of the Company's U.S. casualty insurance reserves, including construction, for accident years 2011 to 2019 closed.

The estimated subject reserves transferred to Enstar on the closing date were \$509.0 million, which represents the \$746.0 million in loss reserves as of January 1, 2022, less estimated claims paid through October 31, 2022. On the closing date, the Company also transferred approximately \$630.0 million of cash and investments to Enstar for which a portion will be deposited into a Trust established to secure Enstar's claim payment obligation to the Company. The financial statement impact of this transaction, which will be recorded in the fourth quarter of 2022, is a \$509.0 million increase in *Reinsurance recoverables*, a reduction of \$630.0 million in cash and investments, and an after-tax charge of approximately \$100.0 million.

### *Federal Securities Class Action*

On October 20, 2022, a securities class action lawsuit was filed in the United States District Court for the Southern District of New York against the Company and certain of its current and former officers, alleging securities fraud violations under sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Plaintiff alleges that from February 13, 2018 through August 9, 2022, Defendants made false and misleading statements concerning the Company's reserves and underwriting standards. The Company is not able at this time to determine or predict the ultimate outcome of this proceeding or provide a reasonable estimate or range of estimates of the possible outcome or loss, if any, in this matter.

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

The following is a discussion and analysis of our results of operations for the three and nine months ended September 30, 2022 compared with the three and nine months ended September 30, 2021, and a discussion of our financial condition as of September 30, 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 including, but not limited to, recent changes in interest rates and inflation, the outcome of our exploration of strategic alternatives, the adequacy of our projected loss reserves, employee retention and changes in key personnel, the ability of our insurance subsidiaries to meet risk-



based capital and solvency requirements, the outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation and other risks and uncertainties discussed in our filings with the SEC. For a more detailed discussion of such risks and uncertainties, see Part II, Item 1A, “Risk Factors” herein and Part I, Item 1A, “Risk Factors” in Argo Group’s Form 10-K and Form 10-K/A for the fiscal year ended December 31, 2021. 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 and nine months ended September 30, 2022, we reported a net loss attributable to common shareholders of \$51.4 million (\$1.47 per diluted common share) and \$73.9 million (\$2.11 per diluted common share), respectively. For the three and nine months ended September 30, 2021, we reported net income attributable to common shareholders of \$19.8 million (\$0.56 per diluted common share) and \$114.1 million (\$3.26 per diluted common share), respectively.

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

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Gross written premiums	\$ 750.9	\$ 875.6	\$ 2,203.6	\$ 2,447.4
Earned premiums	\$ 455.0	\$ 487.5	\$ 1,389.9	\$ 1,423.9
Net investment income	34.0	46.1	100.9	143.2
Net investment and other gains (losses):				
Net realized investment and other gains (losses)	(42.3)	0.6	(119.2)	3.3
Change in fair value recognized	(1.1)	(5.1)	2.5	30.7
Change in allowance for credit losses on fixed maturity securities	(1.3)	(0.8)	(2.9)	(1.5)
Total net investment and other gains (losses)	(44.7)	(5.3)	(119.6)	32.5
Total revenue	\$ 444.3	\$ 528.3	\$ 1,371.2	\$ 1,599.6
Income (loss) before income taxes	\$ (52.8)	\$ 28.2	\$ (44.9)	\$ 138.1
Income tax provision (benefit)	(4.0)	5.8	21.1	16.1
Net income (loss)	\$ (48.8)	\$ 22.4	\$ (66.0)	\$ 122.0
Less: Dividends on preferred shares	2.6	2.6	7.9	7.9
Net income (loss) attributable to common shareholders	\$ (51.4)	\$ 19.8	\$ (73.9)	\$ 114.1
GAAP Ratios:				
Loss ratio	65.7 %	64.0 %	61.8 %	62.5 %
Expense ratio	35.4 %	36.3 %	35.6 %	37.3 %
Combined ratio	101.1 %	100.3 %	97.4 %	99.8 %

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

- Loss ratio: the ratio of claims and claims expense to 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.

	September 30, 2022	December 31, 2021	September 30, 2021
Book value per common share	\$ 33.72	\$ 45.62	\$ 50.01

### Exploration of Strategic Alternatives

On April 28, 2022, we announced that our Board of Directors initiated an exploration of strategic alternatives and 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.

### 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 and nine months ended September 30, 2022, as compared to \$3.0 million and \$12.0 million for the three and nine months ended September 30, 2021. Our liquidity and capital resources were not materially impacted by COVID-19 and related economic conditions during the nine months ended September 30, 2022 or 2021. Although vaccines are now available, 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 and nine months ended September 30, 2022, actual results in future periods could materially differ from those disclosed herein.

### Non-GAAP Measures

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

(in millions)	For the Three Months Ended September 30,			
	2022		2021	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 455.0		\$ 487.5	
Losses and loss adjustment expenses, as reported	298.8	65.7 %	311.7	64.0 %
Adjustments:				
Favorable (unfavorable) prior accident year loss development	(11.9)	(2.6)%	(6.2)	(1.3)%
Catastrophe losses, including COVID-19	(23.4)	(5.1)%	(27.3)	(5.6)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 263.5	58.0 %	\$ 278.2	57.1 %
Expense ratio		35.4 %		36.3 %
Current accident year non-catastrophe combined ratio (non-GAAP)		93.4 %		93.4 %

(in millions)	For the Nine Months Ended September 30,			
	2022		2021	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 1,389.9		\$ 1,423.9	
Losses and loss adjustment expenses, as reported	858.4	61.8 %	890.9	62.5 %
Adjustments:				
Favorable (unfavorable) prior accident year loss development	(31.6)	(2.3)%	(6.0)	(0.4)%
Catastrophe losses, including COVID-19	(34.6)	(2.5)%	(85.9)	(6.0)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 792.2	57.0 %	\$ 799.0	56.1 %
Expense ratio		35.6 %		37.3 %
Current accident year non-catastrophe combined ratio (non-GAAP)		92.6 %		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 losses and the impact of changes to prior year loss reserves. Management believes that these non-GAAP metrics measure performance in a way that is useful to investors as it removes the impact of volatile and unpredictable catastrophe losses and prior accident year reserve development.

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

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

(in millions)	For the Three Months Ended September 30,			
	2022		2021	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 113.7	\$ 45.3	\$ 160.8	\$ 64.0
Liability	352.1	208.9	375.7	203.7
Professional	152.4	110.3	192.3	125.1
Specialty	132.7	90.5	146.8	94.7
Total	\$ 750.9	\$ 455.0	\$ 875.6	\$ 487.5

  

(in millions)	For the Nine Months Ended September 30,			
	2022		2021	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 328.6	\$ 173.1	\$ 451.0	\$ 220.7
Liability	1,004.7	615.9	1,030.4	600.8
Professional	465.9	337.0	530.7	341.0
Specialty	404.4	263.9	435.3	261.4
Total	\$ 2,203.6	\$ 1,389.9	\$ 2,447.4	\$ 1,423.9

Gross written premiums decreased \$124.7 million, or 14.2%, for the three months ended September 30, 2022, as compared to the same period ended 2021, while decreasing \$243.8 million, or 10.0%, for the nine months ended September 30, 2022 as compared to the same period ended 2021. The decrease in gross written premiums is primarily attributable to the sale of Argo Seguros as well as businesses we are exiting, including contract binding and excess and surplus (“E&S”) property businesses in the U.S., London direct and facultative and North American binder business in our International Operations. Underwriting actions executed on certain delegated authority programs further contributed to the decrease. Both U.S. Operations and International Operations continued to see overall rate increases (single to low double digits) during 2021 and 2022.

Consolidated net earned premiums for the three and nine months ended September 30, 2022 decreased \$32.5 million, or 6.7%, and \$34.0 million, or 2.4%, respectively, as compared to the same periods ended 2021. The decrease in both periods is primarily driven by the sale of Argo Seguros and the exiting of certain business lines in our European operations, partially offset by an increase in our U.S. Operations across multiple business lines. The main drivers of growth in our U.S. operations are primarily driven by higher premium retention, and additional growth from in-land marine, surety, and casualty.

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

**Net Investment Income**

Consolidated net investment income for the three and nine months ended September 30, 2022 was \$34.0 million and \$100.9 million, respectively, compared to \$46.1 million and \$143.2 million for the same periods in 2021. Consolidated net investment income decreased \$42.3 million, or 29.5%, for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 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 and nine months ended September 30, 2022 of \$3.2 million and \$20.9 million, compared to \$24.2 million and \$74.8 million for the same period ended September 30, 2021, primarily from lower returns on hedge funds and private equity investments.

Net investment income from fixed maturity assets and dividends from equity securities was \$30.8 million and \$80.0 million for the three and nine months ended September 30, 2022, compared to \$21.9 million and \$68.4 million for the same periods ended 2021, primarily due to an increase in fixed maturity securities.

**Net Investment and Other Gains and Losses**

Consolidated net investment and other gains and losses decreased \$39.4 million and \$152.1 million for the three and nine months ended September 30, 2022, respectively, as compared to the three and nine months ended September 30, 2021. Consolidated net investment and other losses of \$119.6 million for the nine months ended September 30, 2022 were primarily driven from the sale of Argo Seguros and AGSE, and the impairment of investments related to the U.S. loss portfolio transfer. The losses related to the sale of Argo Seguros and AGSE included \$31.8 million of historical foreign currency translation losses which were previously recognized in accumulated other comprehensive income, resulting in no impact to total shareholders’ equity from this reclassification. For the losses recognized in relation to the U.S. loss portfolio transfer, the Company impaired certain investments that will be transferred at fair value to a third party at the close of the transaction. These realized losses were previously recognized in accumulated other comprehensive income, resulting in no impact to total shareholders’ equity from this reclassification. The remainder of the change is primarily driven from increased net realized losses on foreign currency forward contracts in 2022 as compared to 2021.

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

Consolidated losses and loss adjustment expenses decreased \$12.9 million, or 4.1%, and decreased \$32.5 million, or 3.6%, for the three and nine months ended September 30, 2022, respectively, as compared to the three and nine months ended September 30, 2021. The consolidated loss ratio for the three months ended September 30, 2022 was 65.7%, 1.7 percentage points higher than 64.0% for the same period in 2021, driven by higher net unfavorable prior-year reserve development in 2022 as compared to 2021 (1.3 percentage point increase) and a higher current accident year non-catastrophe loss ratio (0.9 percentage point increase), partially offset by lower catastrophe losses including losses related to COVID-19 (0.5 percentage point decrease). Catastrophe losses for the three months ended September 30, 2022 of \$23.4 million were attributable to losses associated with Hurricane Ian. The consolidated loss ratio for the nine months ended September 30, 2022 was 61.8%, 0.7 percentage points lower than 62.5% for the same period in 2021, driven by lower catastrophe losses including losses related to COVID-19 (3.5 percentage point decrease), partially offset by higher net unfavorable prior-year reserve development in 2022 as compared to 2021 (1.9 percentage points) and a higher current accident year non-catastrophe loss ratio (0.9 percentage point increase). Catastrophe losses for the nine months ended September 30, 2022 of \$34.6 million are primarily attributable to Hurricane Ian, losses associated with the Ukraine-Russia conflict and other weather related losses in the U.S.

The net unfavorable prior-year reserve development for the three months ended September 30, 2022 of \$11.9 million was due to \$16.2 million from U.S. Operations and \$0.1 million in Run-off lines partially offset by favorable development of \$4.4 million in International Operations. The net unfavorable prior-year reserve development for the nine months ended September 30, 2022 of \$31.6 million was due to \$27.9 million from U.S. Operations, \$0.8 million from International Operations and \$2.9 million in Run-off lines. Our losses and loss adjustment expenses, including the prior-year loss reserve development shown in the following table, are further discussed by reporting segment under the heading “Segment Results” below. The following table summarizes the above referenced prior-year loss reserve development for the nine months ended September 30, 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
Property	\$ 189.5	\$ 3.4	1.8 %
Liability	2,178.7	19.1	0.9 %
Professional	475.6	20.3	4.3 %
Specialty	279.4	(11.2)	(4.0)%
Total	\$ 3,123.2	\$ 31.6	1.0 %

In determining appropriate reserve levels for the nine months ended September 30, 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. Refer to segment results for specific factors impacting our current accident year loss ratios.

Consolidated gross reserves for losses and loss adjustment expenses were \$5,731.4 million (including \$95.4 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 September 30, 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 for the three and nine months ended September 30, 2022 decreased \$16.1 million, or 9.1% and \$35.9 million, or 6.8%, respectively, as compared to the same periods ended 2021. The consolidated expense ratio was 35.6% in the third quarter of 2022 compared to 37.3% for the nine months ended September 30, 2021. The expense ratio improved by 2.1% in U.S. Operations. The acquisition expense ratio was 17.1% and general and administrative expense ratio was 18.5% in the third quarter of 2022 as compared to 17.2% and 20.1%, respectively, for the nine months ended September 30, 2021. The improvement in the general and administrative expense ratio reflects continued execution of our expense reduction initiatives, primarily driven by a \$29.2 million decrease in general and administrative expenses for the nine months ended September 30, 2022 compared to the nine months ended September 30, 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 represent costs not associated with our ongoing insurance or other operations, including severance expenses, certain legal costs, merger and acquisition and other transaction-related expenses, and certain non-recurring expenses. As such, non-operating expenses have been excluded from the calculation of our expense ratio.

Non-operating expenses increased \$2.8 million, or 34.1%, for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. Non-operating expenses increased \$13.0 million, or 62.2%, for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The expenses incurred for the nine months ended September 30, 2022 primarily relate to advisory fees, severance expenses and retention bonuses, and legal settlements.

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 \$1.3 million, or 23.6%, to \$6.8 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. Consolidated interest expense increased \$2.4 million, or 14.7%, to \$18.7 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The year-over-year increase was primarily attributable to higher short-term interest rates in 2022.

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

Consolidated foreign currency exchange gains increased \$7.8 million for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021. Consolidated foreign currency exchange gains increased \$20.9 million for the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021. The changes in the foreign currency exchange gains were due to fluctuations of the U.S. Dollar, on a weighted average basis, against the Canadian Dollar, Euro and the British Pound.

### **Impairment of Goodwill and Intangible Assets**

As a result of the announced sale of Argo Underwriting Agency Limited and its Lloyd’s Syndicate 1200, an estimated fair value was established for Syndicate 1200 that was below its carrying value. As such, we recorded a \$28.5 million impairment charge in the third quarter, consisting of \$17.3 million of indefinite lived intangible assets and \$11.2 million of goodwill.

### **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 Company recorded a consolidated income tax benefit of \$4.0 million and income tax provision of \$21.1 million for the three and nine months ended September 30, 2022. This is compared to the consolidated income tax provision of \$5.8 million and \$16.1 million for the same periods ended 2021.

The consolidated effective tax rate was 7.6% and (47.0)% for the three and nine months ended September 30, 2022 compared to the consolidated effective tax rate of 20.6% and 11.7% for the same period ended 2021. The primary drivers for the fluctuation in the effective tax rate resulted from the sale of our Brazil operations in February 2022 and Malta operations in September 2022. The Brazil 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. Separately, the Malta capital loss reported in Bermuda received no tax benefit. Additionally, an impairment charge related to U.K. goodwill and intangible assets was recorded which received no tax benefit in the three month period ending September 30, 2022. Excluding the sale of Brazil and Malta, as well as the goodwill and intangibles impairment, the effective tax rate for the period ending September 30, 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 September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Gross written premiums	\$ 500.4	\$ 562.5	\$ 1,476.7	\$ 1,564.9
Earned premiums	\$ 329.3	\$ 323.5	\$ 998.5	\$ 952.4
Losses and loss adjustment expenses	217.0	203.9	625.7	583.1
Underwriting, acquisition and insurance expenses	103.0	104.7	312.8	318.2
Underwriting income	9.3	14.9	60.0	51.1
Net investment income	23.1	29.2	68.7	91.7
Interest expense	4.7	3.5	12.8	10.6
Fee and other expense (income), net	(0.1)	0.1	—	0.6
Non-operating expenses	1.2	0.6	2.4	1.5
Income before income taxes	\$ 26.6	\$ 39.9	\$ 113.5	\$ 130.1
GAAP Ratios:				
Loss ratio	65.9 %	63.0 %	62.7 %	61.2 %
Expense ratio	31.3 %	32.4 %	31.3 %	33.4 %
Combined ratio	97.2 %	95.4 %	94.0 %	94.6 %

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

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

(in millions)	For the Three Months Ended September 30,			
	2022		2021	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 329.3		\$ 323.5	
Losses and loss adjustment expenses, as reported	217.0	65.9 %	203.9	63.0 %
Adjustments:				
Favorable (unfavorable) prior accident year loss development	(16.2)	(4.9)%	(0.2)	(0.1)%
Catastrophe losses, including COVID-19	(4.2)	(1.3)%	(10.0)	(3.1)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 196.6	59.7 %	\$ 193.7	59.8 %
Expense ratio		31.3 %		32.4 %
Current accident year non-catastrophe combined ratio (non-GAAP)		91.0 %		92.2 %



(in millions)	For the Nine Months Ended September 30,			
	2022		2021	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 998.5		\$ 952.4	
Losses and loss adjustment expenses, as reported	625.7	62.7 %	583.1	61.2 %
Adjustments:				
Favorable (unfavorable) prior accident year loss development	(27.9)	(2.8)%	0.7	0.1 %
Catastrophe losses, including COVID-19	(9.2)	(0.9)%	(32.9)	(3.5)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 588.6	59.0 %	\$ 550.9	57.8 %
Expense ratio		31.3 %		33.4 %
Current accident year non-catastrophe combined ratio (non-GAAP)		90.3 %		91.2 %

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

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

(in millions)	For the Three Months Ended September 30,			
	2022		2021	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 57.6	\$ 33.5	\$ 73.5	\$ 35.7
Liability	288.1	178.0	306.3	170.1
Professional	97.7	74.8	129.8	81.3
Specialty	57.0	43.0	52.9	36.4
Total	\$ 500.4	\$ 329.3	\$ 562.5	\$ 323.5

  

(in millions)	For the Nine Months Ended September 30,			
	2022		2021	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 159.5	\$ 113.1	\$ 203.2	\$ 116.5
Liability	833.2	520.1	837.8	501.2
Professional	308.7	239.3	362.0	227.7
Specialty	175.3	126.0	161.9	107.0
Total	\$ 1,476.7	\$ 998.5	\$ 1,564.9	\$ 952.4

### **Property**

Gross written premiums for property decreased \$15.9 million, or 21.6%, for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. Gross written premiums for property decreased \$43.7 million, or 21.5%, for the nine months ended September 30, 2022 as compared to the Nine months ended September 30, 2021. The decreases were driven from the sale of our contract binding and excess and surplus (“E&S”) property business units. This was partially offset by growth from the garage, inland marine and fronting business units. The decrease in net earned premium for the three and nine ended September 30, 2022 compared to the same period in 2021 were also due to the sale of the business units, noted above, offset by growth in the inland marine and garage business units.

### Liability

Gross written premiums for liability decreased \$18.2 million, or 5.9%, for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. Gross written premiums for liability decreased \$4.6 million, or 0.5%, for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The decreases were primarily driven by the sale of the contract binding business unit and reduced production in general liability lines and public entity classes. This was partially offset by increases from business units that write environmental, garage and workers compensation lines. Net earned premium increased for the three and nine months ended September 30, 2022, respectively, compared to the same periods in 2021 as a result of the favorable production results from prior quarters in general liability, environmental, garage and workers compensation lines partially offset by reductions from the contract binding business unit and the grocery and retail business unit which were put into run off in the fourth quarter of 2020.

### Professional

Gross written premiums for professional decreased \$32.1 million, or 24.7%, and for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. Gross written premiums for professional decreased \$53.3 million, or 14.7%, for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The decrease was driven by underwriting actions taken with the delegated authority programs and a softer management liability market. The decrease in net earned premium for the three months ended months ended September 30, 2022, compared to the same period in 2021 was primarily a result of the reduced production in delegated authority programs, as noted above, during the year. Net earned premiums for the nine months ended September 30, 2022 compared to the same period in 2021 increased as the favorable production results from past quarters in management liability are still earning out and offsetting adverse impacts from the underwriting changes to delegated authority programs and certain errors and omissions lines.

### Specialty

Gross written premiums increased \$4.1 million or 7.8%, for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. Gross written premiums increased \$13.4 million or 8.3%, for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The growth in gross written premium for the three and nine months ended September 30, 2022, as compared to the same period in 2021, primarily came from surety and fronted marine lines. The growth in net earned premiums for the three and nine months ended September 30, 2022, respectively, compared to the same period in 2021 was also largely due to surety lines.

### Loss and Loss Adjustment Expenses

Loss and loss adjustment expenses were \$217.0 million and \$203.9 million for the three months ended September 30, 2022 and 2021, respectively, and \$625.7 million and \$583.1 million for the nine months ended September 30, 2022 and 2021, respectively. The loss ratios for the three months ended September 30, 2022 and 2021 were 65.9% and 63.0%, respectively. The higher loss ratio in the three months ended September 30, 2022 was driven by higher net unfavorable prior-year reserve development in 2022 versus 2021 (4.8 percentage point increase), partially offset by a decrease in catastrophe losses (1.8 percentage point decrease). The current accident year non-catastrophe loss ratio for the three months ended September 30, 2022 was not significantly different from the three months ended September 30, 2021. The loss ratios for the nine months ended September 30, 2022 and 2021 were 62.7% and 61.2%, respectively. The higher loss ratio in the first nine months of 2022 was driven by unfavorable prior-year reserve development in 2022 versus net favorable prior-year reserve development in 2021 (2.9 percentage point increase) and an increase in the current accident year non-catastrophe loss ratio (1.2 percentage point increase), partially offset by a decrease in catastrophe losses (2.6 percentage point decrease).

The current accident year non-catastrophe loss ratios for the three and nine months ended September 30, 2022 were 59.7% and 59.0%, respectively, compared to 59.8% and 57.8% for the three and nine months ended September 30, 2021, respectively. The current accident year non-catastrophe loss ratio for the three months ended September 30, 2022 was impacted by increased inflation, while the current accident year non-catastrophe loss ratio for the three months ended September 30, 2021 was impacted by an increase to the loss ratio for liability lines. The current accident year non-catastrophe loss ratio for the nine months ended September 30, 2022 was impacted by increased inflation and higher claims frequency due to the recovering economy.

Net unfavorable prior-year reserve development for the three and nine months ended September 30, 2022 was \$16.2 million and \$27.9 million, respectively. The net unfavorable prior year reserve development for the three and nine months ended September 30, 2022 primarily related to liability and property lines, including the impact of large losses, partially offset by favorable development in specialty lines. The unfavorable prior year development was largely driven by businesses we have exited, and relates to accident years 2019 and prior partially offset by favorable prior year development on accident years 2020 and 2021.

Net prior-year reserve development for the three and nine months ended September 30, 2021 was \$0.2 million unfavorable and \$0.7 million favorable. The unfavorable prior-year reserve development for the three months ended September 30, 2021 was due to liability lines. The favorable prior-year reserve development for the nine months ended September 30, 2021 primarily related to favorable development in specialty lines, partially offset by unfavorable development in liability and property lines.

Catastrophe losses for the three and nine months ended September 30, 2022 were \$4.2 million and \$9.2 million, respectively, compared to \$10.0 million and \$32.9 million for the three and nine months ended September 30, 2021, respectively. Catastrophe losses for the three months ended September 30, 2022 were due to Hurricane Ian. Catastrophe losses for the nine months ended September 30, 2022 were driven by Hurricane Ian and U.S. storms. Catastrophe losses for the three months ended September 30, 2021 were driven by Hurricane Ida and other U.S. storms. Catastrophe losses for the nine months ended September 30, 2021 were driven by Winter Storm Uri, Hurricane Ida and other U.S. storms.

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

Underwriting, acquisition and insurance expenses were \$103.0 million and \$312.8 million for the three and nine months ended September 30, 2022, respectively, as compared to \$104.7 million and \$318.2 million for the three and nine months ended September 30, 2021, respectively. The expense ratio decreased to 31.3% for the three months ended September 30, 2022 from 32.4% for the same period 2021. The expense ratio decreased to 31.3% for the nine months ended September 30, 2022 as compared to 33.4% for the same period 2021. The ratio improvements were primarily driven by reductions in general and administrative expenses and earned premium growth.

#### **International Operations**

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

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Gross written premiums	\$ 250.1	\$ 312.9	\$ 726.3	\$ 881.9
Earned premiums	\$ 125.2	\$ 163.9	\$ 390.7	\$ 471.1
Losses and loss adjustment expenses	81.7	103.8	229.8	301.2
Underwriting, acquisition and insurance expenses	47.0	64.7	155.3	188.8
Underwriting income (loss)	(3.5)	(4.6)	5.6	(18.9)
Net investment income	10.3	12.3	30.4	38.2
Interest expense	2.1	1.3	5.7	4.2
Fee and other expense (income), net	0.2	(1.0)	(1.8)	(1.5)
Non-operating expenses	1.2	0.5	3.5	2.0
Income before income taxes	\$ 3.3	\$ 6.9	\$ 28.6	\$ 14.6
GAAP Ratios:				
Loss ratio	65.3 %	63.3 %	58.8 %	63.9 %
Expense ratio	37.5 %	39.5 %	39.8 %	40.1 %
Combined ratio	102.8 %	102.8 %	98.6 %	104.0 %

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

(in millions)	For the Three Months Ended September 30,			
	2022		2021	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 125.2		\$ 163.9	
Losses and loss adjustment expenses, as reported	81.7	65.3 %	103.8	63.3 %
Adjustments:				
Favorable (unfavorable) prior accident year loss development	4.4	3.5 %	(2.0)	(1.2)%
Catastrophe losses, including COVID-19	(19.2)	(15.3)%	(17.3)	(10.5)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 66.9	53.5 %	\$ 84.5	51.6 %
Expense ratio		37.5 %		39.5 %
Current accident year non-catastrophe combined ratio (non-GAAP)		91.0 %		91.1 %
(in millions)	For the Nine Months Ended September 30,			
	2022		2021	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 390.7		\$ 471.1	
Losses and loss adjustment expenses, as reported	229.8	58.8 %	301.2	63.9 %
Adjustments:				
Favorable (unfavorable) prior accident year loss development	(0.8)	(0.2)%	(0.1)	— %
Catastrophe losses, including COVID-19	(25.4)	(6.5)%	(53.0)	(11.2)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 203.6	52.1 %	\$ 248.1	52.7 %
Expense ratio		39.8 %		40.1 %
Current accident year non-catastrophe combined ratio (non-GAAP)		91.9 %		92.8 %

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

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

(in millions)	For the Three Months Ended September 30,			
	2022		2021	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 56.1	\$ 11.8	\$ 87.3	\$ 28.3
Liability	63.6	30.4	69.2	33.5
Professional	54.7	35.5	62.5	43.8
Specialty	75.7	47.5	93.9	58.3
Total	\$ 250.1	\$ 125.2	\$ 312.9	\$ 163.9

  

(in millions)	For the Nine Months Ended September 30,			
	2022		2021	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 169.1	\$ 60.0	\$ 247.8	\$ 104.2
Liability	170.9	95.1	192.0	99.2
Professional	157.2	97.7	168.7	113.3
Specialty	229.1	137.9	273.4	154.4
Total	\$ 726.3	\$ 390.7	\$ 881.9	\$ 471.1

#### **Property**

Gross written premiums for property decreased \$31.2 million, or 35.7%, and \$78.7 million, or 31.8%, for the three and nine months ended September 30, 2022, respectively, as compared to the same periods in 2021. The decrease in gross written premiums was primarily due to a reduction in business produced by Syndicate 1200 following our exit from certain property lines of business and other international platforms where we have stopped writing business. Net earned premiums for property decreased \$16.5 million and \$44.2 million for the three and nine months ended September 30, 2022 as compared to the three and nine months ended September 30, 2021 driven by the aforementioned reasons.

#### **Liability**

Gross written premiums for liability decreased \$5.6 million, or 8.1%, and \$21.1 million, or 11.0%, for the three and nine months ended September 30, 2022, respectively, as compared to the same period in 2021. The reduction in gross written premiums was primarily due to lower premiums from our European operations where we have stopped writing business along with the sales of Argo Seguros and AGSE. Net earned premiums decreased for the three and nine months ended September 30, 2022 as compared to the three and nine months ended September 30, 2021 driven by the aforementioned reasons.

#### **Professional**

Gross written premiums for professional lines decreased \$7.8 million, or 12.5%, and \$11.5 million, or 6.8%, for the three and nine months ended September 30, 2022 as compared to the same period in 2021. The decrease in gross written premiums was driven by the sale of Argo Seguros and was partially offset by higher premiums in Syndicate 1200 arising from growth within professional indemnity and transactional liability lines of business. The decrease in net earned premiums for the three and nine months ended September 30, 2022 as compared to the three and nine months ended September 30, 2021 was also mainly due to the sale of Argo Seguros.

#### **Specialty**

Gross written premiums decreased \$18.2 million, or 19.4%, and \$44.3 million, or 16.2%, for the three and nine months ended September 30, 2022 as compared to the same period in 2021. The decrease in gross written premiums was primarily driven by the sales of Argo Seguros and Ariel Re and was partially offset by growth in Syndicate 1200 primarily from strong business activity written in Terror & Political Violence. The decrease in net earned premiums for the three and nine months ended September 30, 2022 as compared to the three and nine months ended September 30, 2021 was driven by the aforementioned reasons.

**Loss and Loss Adjustment Expenses**

Loss and loss adjustment expenses were \$81.7 million and \$229.8 million for the three and nine months ended September 30, 2022, respectively. Loss and loss adjustment expenses were \$103.8 million and \$301.2 million for the three and nine months ended September 30, 2021. The loss ratio for the three months ended September 30, 2022 was 65.3% compared to 63.3% for the three months ended September 30, 2021. The increase in the loss ratio was driven by an increase in catastrophe losses (4.8 percentage point increase) and an increase in the current accident year non-catastrophe loss ratio (1.9 percentage point increase), partially offset by net favorable prior year reserve development in 2022 versus net unfavorable prior-year reserve development in 2021 (4.7 percentage point decrease). The loss ratio for the nine months ended September 30, 2022 was 58.8% compared to 63.9% for the nine months ended September 30, 2021. The decrease in the loss ratio was driven by a decrease in catastrophe losses (4.7 percentage point decrease) and a decrease in the current accident year non-catastrophe loss ratio (0.6 percentage point decrease), partially offset by net unfavorable prior-year reserve development in 2022 versus prior-year development in 2021 (0.2 percentage point increase).

The current accident year non-catastrophe loss ratios for the three and nine month ended September 30, 2022 were 53.5% and 52.1%, respectively, compared to 51.6% and 52.7% for the three and nine months ended September 30, 2021. The increase in the loss ratio for the three months ended September 30, 2022 primarily related to the impact of ceded reinstatement premiums on net earned premium. The improvement in the loss ratio for the nine months ended September 30, 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.

Net prior-year reserve development was \$4.4 million favorable and \$0.8 million unfavorable for the three and nine months ended September 30, 2022, respectively. The net favorable prior-year reserve development for the three months ended September 30, 2022 primarily related to favorable development in property and liability lines in Syndicate 1200 partially offset by unfavorable development in Argo Insurance Bermuda driven by reassessments of potential losses associated with professional liability claims. The net unfavorable prior-year reserve development for the nine months ended September 30, 2022 primarily related to unfavorable movements in professional liability losses in Argo Insurance Bermuda partially offset by favorable development in Syndicate 1200 property and liability lines. Net favorable prior-year reserve development was \$2.0 million and \$0.1 million both the three and nine months ended September 30, 2021, respectively. The net unfavorable development for the three months ended September 30, 2021 primarily related to \$7.2 million in unfavorable development due to a one-time accounting adjustment, partially offset by favorable liability experience in Syndicate 1200. The net unfavorable development for the nine months ended September 30, 2021 primarily related to unfavorable development due to the one-time accounting adjustment and large claim movements at Argo Insurance Bermuda, partially offset by favorable development in property lines, including losses associated with prior year catastrophe losses.

Catastrophe losses were \$19.2 million and \$25.4 million for the three and nine months ended September 30, 2022, respectively, compared to \$17.3 million and \$53.0 million for the three and nine months ended September 30, 2021. For the three months ended September 30, 2022, catastrophe losses all related to Syndicate 1200 and were due to Hurricane Ian. Catastrophe losses for the nine months ended September 30, 2022 were due to Hurricane Ian and the Ukraine-Russia conflict. Catastrophe losses for the three and nine months ended September 30, 2021 were driven by Winter Storm Uri, Hurricane Ida and COVID-19. Catastrophe losses for the three and nine months ended September 30, 2021 included \$3.0 million and \$12.0 million, respectively, associated with COVID-19, primarily resulting from contingency exposures.

**Underwriting, Acquisition and Insurance Expenses**

Underwriting, acquisition and insurance expenses were \$47.0 million and \$155.3 million for the three and nine months ended September 30, 2022, respectively, as compared to \$64.7 million and \$188.8 million for the three and nine months ended September 30, 2021, respectively. The expense ratio decreased to 37.5% for the three months ended September 30, 2022 from 39.5% for the same period 2021. The acquisition expense decrease is driven by expenses incurred on business lines we have exited. The expense ratio for the nine months ended September 30, 2022 decreased to 39.8%, which is broadly consistent with the same period in 2021.

**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 expense was \$0.2 million, fee and other income was \$1.8 million for the three and nine months ended September 30, 2022, respectively, as compared to \$1.0 million and \$1.5 million of expense for the same periods in 2021.

### Run-off Lines

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

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Earned premiums	\$ 0.5	\$ 0.1	\$ 0.7	\$ 0.4
Losses and loss adjustment expenses	0.1	4.0	2.9	6.6
Underwriting, acquisition and insurance expenses	0.3	0.5	1.3	0.8
Underwriting income (loss)	0.1	(4.4)	(3.5)	(7.0)
Net investment income	0.6	0.9	1.8	2.8
Interest expense	—	0.1	0.2	0.3
Non-operating expenses	—	—	—	—
(Loss) income before income taxes	\$ 0.7	\$ (3.6)	\$ (1.9)	\$ (4.5)

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

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

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

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

(in millions)	For the Nine Months Ended September 30,			
	2022		2021	
	Gross	Net	Gross	Net
Asbestos and environmental:				
Loss reserves, beginning of the year	\$ 63.8	\$ 54.5	\$ 59.3	\$ 50.6
Incurring losses	1.3	1.3	2.5	2.4
Losses paid	(7.1)	(5.2)	(9.2)	(7.9)
Loss reserves - asbestos and environmental, end of period	58.0	50.6	52.6	45.1
Risk-management reserves	156.6	95.5	165.6	103.2
Run-off reinsurance reserves	0.4	0.4	—	—
Other run-off lines	29.9	22.8	12.3	7.3
Total loss reserves - Run-off Lines	<u>\$ 244.9</u>	<u>\$ 169.3</u>	<u>\$ 230.5</u>	<u>\$ 155.6</u>

Losses and loss adjustment expenses for the nine months ended September 30, 2022, were primarily the result of unfavorable loss reserve development in other run-off lines. Losses and loss adjustment expenses for the three months ended September 30, 2021 were the result of unfavorable loss reserve development on prior accident years in risk management workers compensation and an individual environment loss. Losses and loss adjustment expenses for the nine months ended September 30, 2021 were the result of unfavorable loss reserve development on prior accident years in risk management workers compensation, other run-off lines and an individual environmental loss.

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

Underwriting, acquisition and insurance expenses for the Run-off Lines increased for the nine months ended September 30, 2022 as compared to the same period in 2021 primarily as a result of an increase in the allowance for estimated uncollectible reinsurance.



## **Liquidity and Capital Resources**

### Cash Flows

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

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

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 nine months ended September 30, 2022 and 2021, cash provided by operating activities was \$99.5 million compared to cash provided by operating activities of \$40.8 million, respectively. The increase in cash flows provided by 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 nine months ended September 30, 2022 net cash used in investing activities was \$106.1 million compared to net cash provided by investing activities of \$50.6 million for the same period in 2021. Net cash used in investing activities was mainly the result of the change in proceeds from fixed maturities, purchases of commercial mortgage loans, and foreign regulatory pools. This was offset primarily by reduced purchases of fixed maturities. Additionally, we received \$13.9 million in net cash from the sale of Argo Seguros and AGSE.

For the nine months ended September 30, 2022 and 2021, net cash used in financing activities was \$38.3 million and \$39.4 million, respectively, driven by dividends to our common and preferred shareholders.

On November 9, 2022, the U.S. Loss Portfolio Transaction with Enstar covering a majority of the Company's U.S. casualty insurance reserves, including construction, for accident years 2011 to 2019 closed. See Note 16, "Subsequent Events" for information on cash and investments transferred as a result of this transaction.

### 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. The lenders could also elect to accelerate the maturity of the loans and/or terminate the commitments under the Credit Agreement upon the occurrence and during the continuation of an event of default. No defaults or events of defaults have occurred as of the date of this filing.

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.

On July 15, 2022, the parties to the Credit Agreement entered into Amendment No. 2, which revised the definition of “Tangible Net Worth.”

*Preferred Stock Dividends*

On November 3, 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 December 15, 2022 to our shareholders of record on November 30, 2022.

*Argo Group Common Shares and Dividends*

On November 3, 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 December 15, 2022 to our common shareholders of record on November 30, 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 September 30, 2022, 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.

*Letter of Credit Facilities*

On June 22, 2022, we posted collateral in a form of a \$50.0 million letter of credit under the terms of the Malta sales agreement. The letter of credit is subject to reimbursement by Argo in the event of a drawdown.

**Condensed Consolidating Financial Information**

In accordance with Article 10 of SEC Regulation S-X, we have elected to present condensed consolidating financial information in lieu of separate financial statements for the Subsidiary Issuer. The following tables present condensed consolidating financial information as of and for the nine months ended September 30, 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 SEPTEMBER 30, 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	\$ 3.4	\$ 3,628.3	\$ 1,273.4	\$ —	\$ 4,905.1
Cash	2.2	22.1	75.1	—	99.4
Accrued investment income	—	19.0	4.1	—	23.1
Premiums receivable	—	272.5	384.0	—	656.5
Reinsurance recoverables	—	1,842.4	1,173.4	—	3,015.8
Goodwill	—	118.6	17.5	—	136.1
Current income taxes receivable, net	—	(5.4)	8.2	—	2.8
Deferred tax assets, net	—	121.0	30.8	—	151.8
Deferred acquisition costs, net	—	110.9	72.5	—	183.4
Ceded unearned premiums	—	294.5	156.3	—	450.8
Operating lease right-of-use assets	4.8	54.4	1.1	—	60.3
Other assets	10.4	102.1	61.1	—	173.6
Intercompany notes receivable	—	62.5	(62.5)	—	—
Investments in subsidiaries	1,384.8	—	—	(1,384.8)	—
<b>Total assets</b>	<b>\$ 1,405.6</b>	<b>\$ 6,642.9</b>	<b>\$ 3,195.0</b>	<b>\$ (1,384.8)</b>	<b>\$ 9,858.7</b>
<b>Liabilities and Shareholders' Equity</b>					
Reserves for losses and loss adjustment expenses	\$ —	\$ 3,859.4	\$ 1,872.0	\$ —	\$ 5,731.4
Unearned premiums	—	926.9	478.0	—	1,404.9
Funds held	—	237.0	16.7	—	253.7
Ceded reinsurance payable, net	—	114.7	388.4	—	503.1
Debt	28.4	284.9	138.2	—	451.5
Accrued underwriting expenses and other liabilities	11.2	67.9	41.2	—	120.3
Operating lease liabilities	5.1	62.7	1.1	—	68.9
Due to (from) affiliates	36.0	(5.0)	5.0	(36.0)	—
<b>Total liabilities</b>	<b>80.7</b>	<b>5,548.5</b>	<b>2,940.6</b>	<b>(36.0)</b>	<b>8,533.8</b>
<b>Total shareholders' equity</b>	<b>1,324.9</b>	<b>1,094.4</b>	<b>254.4</b>	<b>(1,348.8)</b>	<b>1,324.9</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,405.6</b>	<b>\$ 6,642.9</b>	<b>\$ 3,195.0</b>	<b>\$ (1,384.8)</b>	<b>\$ 9,858.7</b>

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

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

**CONDENSED CONSOLIDATING STATEMENT OF INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**  
(in millions)  
(Unaudited)

	Argo Group International Holdings, Ltd (Parent Guarantor)	Argo Group U.S. Inc. and Subsidiaries (Subsidiary Issuer)	Other Subsidiaries and Eliminations <sup>(1)</sup>	Consolidating Adjustments <sup>(2)</sup>	Total
Premiums and other revenue:					
Earned premiums	\$ —	\$ 992.4	\$ 397.5	\$ —	\$ 1,389.9
Net investment income	—	96.9	4.0	—	100.9
Net investment and other gains (losses)	—	(38.2)	(81.4)	—	(119.6)
Total revenue	—	1,051.1	320.1	—	1,371.2
Expenses:					
Losses and loss adjustment expenses	—	613.9	244.5	—	858.4
Underwriting, acquisition and insurance expenses	5.3	330.9	158.7	—	494.9
Non-operating expenses	18.3	12.1	3.5	—	33.9
Interest expense	1.1	12.6	5.0	—	18.7
Fee and other (income) expense, net	—	(0.1)	(1.7)	—	(1.8)
Foreign currency exchange losses	—	0.1	(16.6)	—	(16.5)
Impairment of goodwill and intangible assets	—	—	28.5	—	28.5
Total expenses	24.7	969.5	421.9	—	1,416.1
(Loss) income before income taxes	(24.7)	81.6	(101.8)	—	(44.9)
Provision for income taxes	—	16.9	4.2	—	21.1
Net (loss) income before equity in earnings of subsidiaries	(24.7)	64.7	(106.0)	—	(66.0)
Equity in undistributed earnings of subsidiaries	(41.3)	—	—	41.3	—
Net income (loss)	\$ (66.0)	\$ 64.7	\$ (106.0)	\$ 41.3	\$ (66.0)
Dividends on preferred shares	7.9	—	—	—	7.9
Net income (loss) attributable to common shareholders	\$ (73.9)	\$ 64.7	\$ (106.0)	\$ 41.3	\$ (73.9)

<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 estimates and 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.

There have been no material changes to our critical accounting estimates described in our 2021 Form 10-K.

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

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

***Interest Rate Risk***

Our primary market risk exposure is the exposure of our fixed maturity investment portfolio to interest rate risk and the changes in interest rates. Fluctuations in interest rates have a direct impact on the fair value of these securities. As interest rates rise, the fair value of our fixed maturity portfolio falls and the converse is also true. We manage interest rate risk through an active portfolio management strategy that involves the selection of investments with appropriate characteristics such as duration, yield, currency and liquidity that are tailored to the anticipated cash outflow characteristics of our liabilities. A significant portion of our investment portfolio matures each year, allowing for reinvestment at current market rates. The model duration of the assets comprising our fixed maturity investment portfolio was 2.86 years and 2.81 years at September 30, 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 AA- with 91.0% and 89.4% rated investment grade or better (BBB- or higher) at September 30, 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 September 30, 2022:

Other Fixed Maturities	Book Value	Fair Value
AAA	\$ 735.8	\$ 683.9
AA	251.6	233.6
A	764.3	695.6
BBB	748.2	665.4
BB/B	166.2	147.7
CCC and Below	22.6	13.4
Unrated	118.9	108.3
Other Fixed Maturities	<u>\$ 2,807.6</u>	<u>\$ 2,547.9</u>
Structured Securities	Book Value	Fair Value
AAA	\$ 928.4	\$ 829.5
AA	130.9	116.9
A	130.9	117.7
BBB	60.8	53.0
BB/B	10.6	8.7
CCC and Below	0.3	0.4
Unrated	62.0	56.2
Structured Securities	<u>\$ 1,323.9</u>	<u>\$ 1,182.4</u>
Total Fixed Maturities	Book Value	Fair Value
AAA	\$ 1,664.2	\$ 1,513.4
AA	382.5	350.4
A	895.2	813.3
BBB	809.0	718.5
BB/B	176.8	156.5
CCC and Below	22.9	13.8
Unrated	180.9	164.5
Total Fixed Maturities	<u>\$ 4,131.5</u>	<u>\$ 3,730.3</u>

Our portfolio also includes alternative investments with a carrying value at September 30, 2022 and December 31, 2021 of \$401.6 million and \$387.2 million (8.2% 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.

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

#### Equity Price Risk

We hold a diversified portfolio of equity securities with a fair value of \$43.9 million and \$56.3 million (0.9% and 1.1% of total invested assets) at September 30, 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 \$3.1 million for the three months and \$7.3 million for the nine months ended September 30, 2022 on portfolio forward currency contracts. We recognized no losses in the investment portfolio for the three months and \$1.0 million for the nine months ended September 30, 2022 on portfolio forward currency contracts. We recognized gains of \$4.7 million and \$12.5 million for the three and nine months ended September 30, 2022 on our operational foreign currency forward contracts. We recognized losses of \$11.2 million and \$36.7 million for the three and nine months ended September 30, 2022 on our operational foreign currency forward contracts. We recognized losses of \$4.2 million and \$7.7 million for the three and nine months ended September 30, 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 September 30, 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 September 30, 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**

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.

#### ***Federal Securities Class Action***

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

On October 20, 2022, a securities class action lawsuit was filed in the United States District Court for the Southern District of New York against the Company and certain of its current and former officers, alleging securities fraud violations under sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Plaintiff alleges that from February 13, 2018 through August 9, 2022, Defendants made false and misleading statements concerning the Company’s reserves and underwriting standards. The Company is not able at this time to determine or predict the ultimate outcome of this proceeding or provide a reasonable estimate or range of estimates of the possible outcome or loss, if any, in this matter.

### **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, except as described below.

***We may be adversely affected by changes in economic and political conditions, including inflation and changes in interest rates.***

The effects of inflation could cause the cost of claims to rise in the future. Our reserve for losses and loss adjustment expenses (“LAE”) includes assumptions about future payments for settlement of claims and claims handling expenses, such as medical treatments and litigation costs. To the extent inflation causes these costs to increase above reserves established for these claims, we will be required to increase our loss reserves with a corresponding reduction in our net income in the period in which the deficiency is identified. Furthermore, if we experience deflation or a lack of inflation going forward and interest rates are low or decline, we could experience low portfolio returns because we hold fixed income investments of fairly short duration.

Additionally, our operating results are affected, in part, by the performance of our investment portfolio. Our investment portfolio may be adversely affected by inflation or changes in interest rates. Such adverse effects include the potential for realized and unrealized losses in a rising interest rate environment or the loss of income in an environment of prolonged low interest rates. Such effects may be further impacted by decisions made regarding such things as portfolio composition and duration given the prevailing market environment. Although we attempt to take measures to manage the risks of investing in changing interest rate environments, we may not be able to mitigate interest rate sensitivity effectively. During the third quarter of 2022, the pro forma Enhanced Capital Requirement (“ECR”) ratio for Argo Re increased primarily due to the inclusion of two recently announced transactions – the U.S. loss portfolio transfer transaction with Enstar and the sale of Syndicate 1200 to Westfield. Argo Re’s pro forma ECR ratio is currently in excess of the Company’s risk tolerance. If Argo Re’s ECR ratio falls below the Company’s risk tolerance, Argo Re’s ability to pay dividends to the Company will be restricted. Economic and political conditions, including inflation and fluctuation in interest rates or failure to maintain Argo Re’s ECR ratio in excess of the Company’s risk tolerance would have a material adverse effect on our business, results of operations, financial condition and our ability to pay dividends to shareholders.

***Our insurance subsidiaries are subject to risk-based capital and solvency requirements in their respective regulatory domiciles and any failure to comply with these requirements may have a material adverse effect on our business.***

A risk-based capital system is designed to measure whether the amount of available capital is adequate to support the inherent specific risks of each insurer. Risk-based regulatory capital is calculated at least annually. Authorities use the risk-based capital formula to identify insurance companies that may be undercapitalized and thus may require further regulatory attention. The formulas prescribe a series of risk measurements to determine a minimum capital amount for an insurance company, based on the profile of the individual company. The ratio of a company’s actual policyholder surplus to its minimum capital requirements will determine whether any regulatory action is required based on the respective local thresholds. The application and methods of calculating risk-based regulatory capital are subject to change, and the ultimate impact on our solvency position from any future material changes cannot be determined at this time.

Whereas the majority of our operations operate on the basis of ‘standard formula’ risk-based capital systems, the Argo Lloyd’s Platform consisting of Syndicate 1200 has secured approval from Lloyd’s for the use of customized Economic Capital Models, known as the Internal Models. These models are used to calculate regulatory capital requirements based on each Syndicate’s unique risk profile. The Internal Models have been subject to extensive internal and external scrutiny including independent validation activities. The use of any complex mathematical model however exposes the organization to the risk that these models are not built correctly, contain coding or formulaic errors or rely on unreliable or inadequate data.

As a result of these and other requirements, we may have future capital requirements that may not be available to us on commercially favorable terms. Regulatory capital and solvency requirements for our future capital requirements depend on many factors, including our ability to underwrite new business, risk propensity and ability to establish premium rates and accurately set reserves at levels adequate to cover expected losses. To the extent that the funds generated by insurance premiums received and sale proceeds and income from our investment portfolio are insufficient to fund future operating requirements and cover incurred losses and loss expenses, we may need to raise additional funds through financings or curtail our growth and reduce in size. Uncertainty in the equity and fixed maturity securities markets could affect our ability to raise additional capital in the public or private markets. Any future financing, if available at all, may be on terms that are not favorable to us and our shareholders. In the case of equity financing, dilution to current shareholdings could result, and the securities issued may have rights, preferences and privileges that are senior or otherwise superior to those of our common shares.

Failure to comply with the capital requirement laws and regulations in any of the jurisdictions where we operate, including the U.S., the E.U., the U.K. or Bermuda could result in administrative penalties imposed by a particular governmental or self-regulatory authority, unanticipated costs associated with remedying such failure or other claims, harm to our reputation, restrictions or prohibitions on the payment of dividends or other forms of distributions, or interruption of our operations, any of which could have a material and adverse impact on our business, financial position, results of operations, liquidity and cash flows.



*The outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation related to our business operations, and changes in the legal environment, may have a material adverse effect on our results of operations and financial condition.*

We are regularly subject to, and are currently involved in, legal and regulatory proceedings, investigations, inquiries, claims and litigation in connection with our business operations. Due to the inherent uncertainty of the outcomes of such matters, there can be no assurance that the resolution of any particular claim or proceeding would not materially adversely affect our results of operations and financial condition. Determining legal reserves or possible losses from such matters involves judgment and may not reflect the full range of uncertainties and unpredictable outcomes. Should any of our estimates and assumptions change or prove to have been incorrect, it could have a material adverse effect on our financial position, results of operations and cash flows. Investigations, inquiries, disputes, claims and regulatory and legal and arbitration proceedings, including securities, derivative action and class action litigation, can be expensive and disruptive and could materially adversely affect our financial position, results of operations and cash flows. Such matters, even if pending or not ultimately substantiated or if indemnified or insured, may adversely impact us, including by disrupting our operations, diverting management resources and harming our reputation.

Significant changes in the legal environment could cause our ultimate liabilities to change from our current expectations. Such changes could be judicial in nature, like trends in the size of jury awards, developments in the law relating to tort liability or the liability of insurers, and rulings concerning the scope of insurance coverage or the amount or types of damages covered by insurance. In addition, changes in federal or state laws and regulations relating to the liability of insurers or policyholders, including state laws expanding “bad faith” liability and state “reviver” statutes, extending statutes of limitations for certain abuse claims, could result in changes in business practices, additional litigation, or could result in unexpected losses, including increased frequency and severity of claims. It is impossible to forecast such changes reliably, much less to predict how they might affect our loss reserves or how those changes might adversely affect our ability to price our insurance products appropriately. Thus, significant judicial or legislative developments could adversely affect our business, financial condition, results of operations and liquidity.

## 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 September 30, 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 September 30, 2022, we have repurchased 11,318,339 of our common shares at an average price of \$40.22 for a total cost of \$455.1 million. These shares are being held as treasury shares in accordance with the provisions of the Bermuda Companies Act 1981. As of September 30, 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 September 30, 2022, we received 7,975 common shares, with an average price paid per share of \$28.56 that were surrendered by employees in payment for the minimum required withholding taxes. The following table provides information with respect to our common shares that were surrendered during the three months ended September 30, 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)
July 1 through July 31, 2022	2,008	\$ 37.46	—	\$ 53,281,805
August 1 through August 31, 2022	2,974	\$ 31.77	—	\$ 53,281,805
September 1 through September 30, 2022	2,993	\$ 19.40	—	\$ 53,281,805
Total	7,975		—	

### Item 3. Defaults Upon Senior Securities

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

Not applicable.

**Item 6. Exhibits**

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

**EXHIBIT INDEX**

Exhibit Number	Description
10.1	<a href="#"><u>Amended and Restated Loss Portfolio Transfer Reinsurance Agreement by and between Argonaut Insurance Company and Cavello Bay Reinsurance Limited dated November 9, 2022 with an effective date of January 1, 2022.*</u></a>
10.2	<a href="#"><u>Share Purchase Agreement for the sale and purchase of the entire issued share capital of Argo Underwriting Agency Limited dated September 8, 2022 by and between Argo International Holdings Limited as Seller and Ohio Farmers Insurance Company as Purchaser.*</u></a>
31.1	<a href="#"><u>Rule 13a – 14(a)/15d – 14(a) Certification of the Chief Executive Officer</u></a>
31.2	<a href="#"><u>Rule 13a – 14(a)/15d – 14(a) Certification of the Chief Financial Officer</u></a>
32.1	<a href="#"><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></a>
32.2	<a href="#"><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></a>
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.

\* Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K

**SIGNATURES**

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

**ARGO GROUP INTERNATIONAL HOLDINGS, LTD.**

November 9, 2022

By /s/ Thomas A. Bradley

Thomas A. Bradley  
Chief Executive Officer and Director

November 9, 2022

By /s/ Scott Kirk

Scott Kirk  
Chief Financial Officer

**Exhibit 10.1**  
**Execution Version**

Certain identified information marked with “[\*\*\*]” has been omitted from this document because it is both (i) not material and (ii) the type that the registrant treats as private or confidential.

AMENDED AND RESTATED  
LOSS PORTFOLIO TRANSFER  
REINSURANCE AGREEMENT

by and between

ARGONAUT INSURANCE COMPANY  
of Illinois

and

CAVELLO BAY REINSURANCE LIMITED  
Hamilton, Bermuda

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AMENDED AND RESTATED  
LOSS PORTFOLIO TRANSFER  
REINSURANCE AGREEMENT  
(hereinafter referred to as the “Agreement”)

by and between

ARGONAUT INSURANCE COMPANY  
of Illinois  
(hereinafter referred to as the “Company”)

and

CAVELLO BAY REINSURANCE LIMITED  
Hamilton, Bermuda  
(hereinafter referred to as the “Reinsurer”)

(each a “Party” and collectively the “Parties”)

PREAMBLE

WHEREAS:

- A. The Parties entered into that certain Loss Portfolio Transfer Reinsurance Agreement, dated as of August 8, 2022 (the “Original Agreement”), and agree that this Agreement shall amend and restate the Original Agreement in its entirety; provided that “the date hereof,” “the date of this Agreement” and words and phrases of similar import used herein shall refer to the date of the Original Agreement.
- B. Subject to receipt of the Required Regulatory Approvals, the Company intends to reinsure all liabilities in respect of the Subject Business of the following affiliated insurance companies pursuant to an inter-company reinsurance pooling agreement (the “Intercompany Pooling Agreement”): Argonaut-MidWest Insurance Company, an Illinois insurance company; Argonaut Great Central Insurance Company, an Illinois insurance company; Colony Insurance Company, a Virginia insurance company; Peleus Insurance Company, a Virginia insurance company; and Colony Specialty Insurance Company, an Ohio insurance company.
- C. The Company and the Reinsurer desire to enter into this Agreement, whereby, upon the terms and subject to the conditions set forth in this Agreement, on the Closing Date, the Company shall cede to the Reinsurer, and the Reinsurer shall assume from the Company, the UNL of the Company pursuant to the terms of this Agreement.
- D. The reinsurance of UNL contemplated by this Agreement will become effective on the third Business Day following the date on which all of the conditions to Closing have been satisfied (other than those to be satisfied on the Closing Date), including the receipt of the Required Regulatory Approvals, as more specifically set forth in the Closing Article.

- E. On or prior to the Closing Date, the Reinsurer shall establish a trust in accordance with a trust agreement that shall comply with all requirements necessary to provide the Company with statutory financial statement and regulatory credit for the reinsurance ceded hereunder and that will be negotiated in good faith by the Company and the Reinsurer and with the Trustee on commercially reasonable terms (the "Trust Agreement").
- F. On the Closing Date, the Company shall pay into the Trust Account cash or Eligible Investments reasonably acceptable to the Reinsurer with a fair market value equal to the Required Collateral Amount and pay any remaining portion of the Initial Reinsurance Premium to the Reinsurer by wire transfer of immediately available funds.

#### ARTICLE 1 - DEFINITIONS; INTERPRETATION

In this Agreement:

"Administrative Rights Triggering Event" shall be deemed to occur if, as of any calendar quarter end, the sum of Ultimate Net Loss paid by or on behalf of the Company on or after the Effective Date plus the Net Subject Reserves as of such date exceeds an amount equal to the Loss Corridor Detachment Point.

"Administrative Services Agreement" means an administrative services agreement to be entered into by and between the Reinsurer (or an Affiliate thereof) and the Company on the Closing Date to be effective upon an Administrative Rights Triggering Event with respect to the Reinsurer's (or such Affiliate's) administration of all Subject Business, which shall be in a customary form for similar services and reasonably acceptable to the Reinsurer and the Company. The Administrative Services Agreement will include provisions related to the transition of the administration of the Subject Business from the Company to the Reinsurer.

"Adverse Modification Notice" has the meaning given to it in the Administration; Claims; Cooperation Article.

"Affiliate" means, with respect to any Person, at the time in question, any other Person Controlling, Controlled by or under direct or indirect common Control with such Person.

"Aggregate Limit" means an amount equal to one billion ninety-six million dollars (\$1,096,000,000), which amount is inclusive of the Loss Corridor .

"Aggregate Sub-Limits" means the following:

[\*\*\*].

UNL shall be allocated to each such operating unit in a manner consistent with the past practice of the Company and its Affiliates unless the Reinsurer consents in writing to a change in that past practice. For the avoidance of doubt, the foregoing allocations to sub-limits are solely for purposes of determining the Reinsurer's liability hereunder and shall not restrict the Company from allocating UNL in a manner that departs from its historical practice for any purpose unrelated to this Agreement.



“Applicable Law” means all applicable federal, state, local or foreign law, statute, ordinance, rule, regulation, or principle of common law or equity imposed by or on behalf of a Governmental Authority.

“BMA” means the Bermuda Monetary Authority.

“Business Day” means any day other than a Saturday, Sunday or any other day on which banks are authorized or required by law to be closed in Chicago, Illinois or Hamilton, Bermuda.

“Cap” has the meaning given to it in the Indemnification Article.

“Claims Practice Modification” has the meaning given to it in the Administration; Claims; Cooperation Article.

“Closing” means the closing of the transaction contemplated by this Agreement.

“Closing Date” means the date on which the Closing occurs.

“Code” means the U.S. Internal Revenue Code of 1986.

“Collectible Third-party Reinsurance” means all recoverables under Third-party Reinsurance, when and as calculated in accordance with the terms of the applicable agreement related thereto and whether or not billed or collected and not subject to any limits or caps within the applicable agreements.

“Commutation Amount” has the meaning given to it in the Term of this Agreement Article.

“Company Authorized Representative” means Thomas McCartney, or any other person appointed by the Company to that role from time to time as notified in writing to the Reinsurer.

“Company Disclosure Schedule” shall have the meaning given to it in the Representations and Warranties Article.

“Company Extra Contractual Obligations” means all Extra Contractual Obligations other than Reinsurer Extra Contractual Obligations.

“Company Fundamental Representations” means the representations and warranties set forth in subparagraphs 1, 2(a), 2(b)(i) and 5 of paragraph A of the Representations and Warranties Article.

“Confidential Information” has the meaning given to it in the Confidentiality Article.

“Control” means the power to direct the management and policies of a Person through the ownership of securities, by contract or otherwise, and the terms “Controlling” and “Controlled” have meanings correlative to the foregoing.

“Damages” means any and all liabilities (including, for the avoidance of doubt, taxes), claims, damages and expenses (including reasonable attorneys’ fees and expenses); provided, however, that Damages hereunder shall not include (i) indirect, special or

consequential damages or lost profits (other than reasonably foreseeable consequential damages or lost profits) or diminution in value or (ii) punitive or exemplary damages, except, in each case, to the extent actually paid to a non-Affiliated Person pursuant to a third party claim.

“Declaratory Judgment Expense” means all reasonable costs and expenses incurred in connection with coverage analysis, or declaratory judgment actions or other coverage dispute resolution procedures brought to determine the Company’s defense, indemnification or other payment obligations that are allocable to a claim, in each case, in respect of Subject Business, regardless of whether a Loss is paid. Declaratory Judgment Expense shall be deemed to have been incurred on the date of the original Loss or alleged Loss giving rise to the applicable coverage analysis, declaratory judgment action or other coverage dispute resolution procedure.

“Deductible” has the meaning given to it in the Indemnification Article.

“Disclosing Party” has the meaning given to it in the Confidentiality Article.

“Effective Date” means January 1, 2022.

“Eligible Investments” means cash in U.S. dollars, certificates of deposit issued by a U.S. bank and payable in U.S. dollars, and investments permitted by the Illinois Insurance Code, or any combination of the above and that comply with the requirements set forth in Schedule C attached hereto; provided investments in or issued by an entity Controlling, Controlled by, or under common Control with, either the Reinsurer or the Company shall not exceed 5% of total investments.

“Enforceability Exceptions” has the meaning given to it in the Representations and Warranties Article.

“Extra Contractual Obligations” means all Liabilities and any other related expenses (including attorneys’ fees) arising out of or relating to the Subject Business other than those arising under or relating to the express terms of and within the express limits of the Policies, whether to principals, obligees, Governmental Authorities or any other Person, which liabilities and expenses shall include losses in excess of policy limits, consequential, compensatory, punitive, exemplary, special, statutory or regulatory damages (or fines, penalties, forfeitures or similar charges of a penal or disciplinary nature), in each case, not within the express terms and limits of the Policies, or any other form of extra contractual damages or liabilities arising out of or relating to the Policies, including those that arise from any alleged or actual act, error or omission, whether or not intentional, in bad faith or otherwise, including any act, error or omission relating to: (a) the marketing, underwriting, production, sale, issuance, cancellation, termination, novation or administration of the Policies; (b) the investigation, defense, trial, settlement or handling of claims, benefits, or payments arising out of or relating to the Policies; or (c) the failure to pay, or the delay in payment of, claims, benefits or any other payments due or alleged to be due under the Policies; provided, however, for the avoidance of doubt, “Extra Contractual Obligations” shall not include LAE or *Ex Gratia* Payments to the extent such items do not relate to a claim for extra contractual obligations.

“*Ex Gratia* Payments” means *ex gratia* payments in respect of the Subject Business (a) to the extent less than \$10,000 or (b) in the amount of \$10,000 or more solely to the extent made with the written consent of Reinsurer (provided that Reinsurer shall consult in good faith with the Company regarding the proposed inclusion of *ex gratia* payments valuing \$10,000 or more to the extent payment of such *ex gratia* would be reasonably likely to reduce Losses, LAE or premiums paid in respect of Third-party Reinsurance).

“FATCA” means Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“Federal Excise Tax” means the Tax imposed under Section 4371 of the Code.

“Final Reconciliation Statement” has the meaning given to it in the Consideration and Reconciliation Article.

“Final Reinsurance Premium” has the meaning given to it in the Consideration and Reconciliation Article.

“Governmental Authority” means any government, political subdivision, court, board, commission, regulatory or administrative agency or other instrumentality thereof, whether federal, state, local or foreign and including any regulatory authority which may be partly or wholly autonomous, and any self-regulatory organization or securities exchange, and any other entity that exercises a legislative, judicial, regulatory, administrative, expropriation or taking power or function of or pertaining to government.

“IBNR” has the meaning given to it in the Representations and Warranties Article.

“Initial Administrative Rights” has the meaning given to it in the Administration; Claims; Cooperation Article.

“Initial Reconciliation Statement” has the meaning given to it in the Consideration and Reconciliation Article.

“Initial Reinsurance Premium” has the meaning given to it in the Consideration and Reconciliation Article.

“Intercompany Pooling Agreement” has the meaning given to it in the Preamble.

“Intermediary” has the meaning given to it in the Intermediary Article.

“Letter of Credit” means any letter of credit for the benefit of the Company to secure the Reinsurer’s obligations hereunder in customary form, and from an institution, reasonably acceptable to the Company (it being agreed that any bank listed on the then most recent NAIC List of Qualified U.S. Financial Institutions shall be deemed acceptable to the Company) and that satisfies in full all applicable requirements in order to allow the Company to take full statutory financial statement and regulatory credit for the reinsurance provided hereunder in all applicable jurisdictions.

“Liability” means any and all debts, liabilities, duties, commitments and obligations of any kind, character or description, whether direct or indirect, fixed or unfixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, asserted or unasserted, known or unknown, disputed or undisputed, joint or several, secured or unsecured, determined, determinable or otherwise, whenever or however arising (including whether arising out of any contract or tort based in negligence or strict liability), and whether or not the same would be required by statutory accounting principles, generally acceptable accounting principles, international financial reporting standards or by accepted actuarial practices in the jurisdiction of domicile of the Company or any of its Affiliates to be reflected in its financial statements or disclosed in the notes thereto.

“Loss Adjustment Expense(s)” (“LAE”) means costs and expenses awarded, payable, paid or assessed on or after the Effective Date and not discharged prior to the Closing Date in connection with any investigation, appraisal, adjustment, settlement, litigation, defense or appeal that is allocable to specific Losses with respect to the Subject Business, including the following:

1. Court costs;
2. Costs of supersedeas and appeal bonds;
3. External defense costs for the adjustment, appraisal, defense, resistance, investigation, audit, negotiation, settlement, payment or appeal, including arbitration, mediation, or other dispute resolution costs, attorneys’ fees, expenses and pre- and post-judgment interest;
4. Legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto;
5. Declaratory Judgment Expense; and
6. Subrogation, salvage and recovery expenses.

LAE does not include ULAE of the Company or any of its Affiliates. For the avoidance of doubt, whether or not the Company reflects an expense as a LAE on its financial statements or other books and records shall not affect whether such expense qualifies as LAE for purposes of this Agreement.

“Loss Corridor” has the meaning given to it in the LPT Coverage Article.

“Loss Corridor Attachment Point” means seven hundred forty-six million dollars (\$746,000,000).

“Loss Corridor Detachment Point” means eight hundred twenty-one million dollars (\$821,000,000).

“Losses” means all Liabilities and other obligations of the Company to make payments to, on behalf of or for the benefit of policyholders or other insureds, reinsureds or other beneficiaries or Persons awarded, payable, paid or assessed, in each case, in respect of the Subject Business, including any monetary demand, suit, occurrence, Liability or loss

(including any return of premium), actual or alleged, arising out of or relating to the Subject Business, in each case, with dates of loss on or after January 1, 2011 and on or prior to December 31, 2019 (it being agreed and understood that in the case of any continuous trigger losses, the date of loss shall be at the determination of the Company, and if the Company is unable to make such a determination, the date of loss shall be at the inception date of the applicable Policy, however, should subsequent information become available which clarifies the date of loss then the date of loss should be so amended); provided, however, “Losses” shall not include LAE.

“Net Subject Reserves” means all of the Company’s reserves in respect of the UNL hereunder, calculated in accordance with U.S. generally accepted accounting principles, consistently applied, including reserves for incurred but not reported UNL, reserves for UNL paid but not recovered from the Reinsurer, reserves for UNL reported and outstanding, and any other reserves for UNL, in each case, net of all reserves ceded pursuant to Third-party Reinsurance.

“Notice” has the meaning given to it in the Notices Article.

“Order” means any order, writ, judgment, injunction, decree, award or similar proceeding entered by or with any Governmental Authority.

“Panel” has the meaning given to it in the Administration; Claims Cooperation Article.

“Person” means any natural person, corporation, partnership, limited liability company, trust, joint venture or other entity, including a Governmental Authority.

“Policies” means the policies, contracts, agreements and binders of insurance or reinsurance (including any endorsements, modifications or amendments thereto) on the Subject Business (a) set forth on Schedule F attached hereto or (b) identified by the Company or the Reinsurer after the date hereof and for which historical premium and Loss information was included in the Loss and other actuarial information provided by the Company to the Reinsurer prior to the date hereof.

“Qualifying Collateral” means Eligible Investments posted to the Trust Account and Letters of Credits.

“Receiving Party” has the meaning given to it in the Confidentiality Article.

“Reinsurance Credit Event” has the meaning given to it in the Collateral Article.

“Reinsurance Representations and Warranties” has the meaning given to it in the Indemnification Article.

“Reinsurer Authorized Representative” means Paul Brockman, or any other person appointed by the Reinsurer to that role from time to time as notified in writing to the Company.

“Reinsurer Extra Contractual Obligations” means (a) all Extra Contractual Obligations relating to the Policies reinsured hereunder that arise from any act, error or omission (whether or not intentional, in bad faith or otherwise) of Reinsurer after the Closing without

the written direction of the Company or any act, error or omission of the Company taken or not taken at the written direction of the Reinsurer, after informed consultation with the Company in which the Company disclosed all material facts and information, and that the Company is required to take or not take pursuant to the terms of this Agreement and (b) all Extra Contractual Obligations relating to the Policies reinsured hereunder from and after the date Reinsurer assumes administration of the Subject Business, other than, in respect of this clause (b), any Extra Contractual Obligations relating to the Policies reinsured hereunder that arise from (i) any act, error or omission (whether or not intentional, in bad faith or otherwise) of the Company taken or not taken without the written direction of the Reinsurer or (ii) any act, error or omission of the Reinsurer taken or not taken at the written direction of the Company, after informed consultation with the Reinsurer in which the Reinsurer disclosed all material facts and information, and that the Reinsurer is required to take or not take pursuant to the terms of this Agreement or the Administrative Services Agreement.

“Reinsurer Fundamental Representations” means the representations and warranties set forth in subparagraphs 1, 2(a), 2(b)(i) and 5 of paragraph B of the Representations and Warranties Article.

“Reinsurer’s Posted Collateral” means, as of any date of determination, the aggregate amount of (a) the face amount of all Letters of Credit, (b) the aggregate fair market value of the Eligible Investments held in the Trust Account and (c) the aggregate amount of any other collateral provided by the Reinsurer for the benefit of the Company that satisfies all applicable requirements in order to allow the Company to take full statutory financial statement and regulatory credit for the reinsurance provided hereunder.

“Replacement Assets” has the meaning given to it in the Collateral Article.

“Required Collateral Amount” means, as of any date, (a) the minimum amount of collateral that must be posted by the Reinsurer in order for the Company to take full financial statement and regulatory credit for the reinsurance provided hereunder minus (b) the fair market value of the assets and cash on deposit in the Working Account (as defined in the Administrative Services Agreement); provided, that the Required Collateral Amount as of the Closing Date shall equal (x) \$746,000,000, minus the Roll-forward Amount, multiplied by (y) 102%.

“Required Regulatory Approvals” means the regulatory approvals set forth on Schedule E hereto.

“Reserve Standard” has the meaning given to it in the Representations and Warranties Article.

“Roll-forward Amount” has the meaning given to it in the Consideration and Reconciliation Article.

“SAP Statements” has the meaning given to it in the Representations and Warranties Article.

“Senior Executive” has meaning given to it in the Expedited Dispute Resolution Article.



“Senior Insurance Professional” means a jointly selected senior employee at a nationally recognized property and casualty insurance company that is not, and not Affiliated with, the Company or the Reinsurer or their respective Affiliates, with at least 15 years of experience in the management and oversight of claims and administration of policies of the type included in the Policies reinsured hereunder; provided, however, that if the parties are unable to select such Person to serve as the Senior Insurance Professional within 20 Business Days of either party’s notice to the other party of an intent to submit a dispute to a Panel, either party may request the American Arbitration Association to appoint within ten Business Days from the date of such request, or as soon as practicable thereafter, a senior employee at a nationally recognized property and casualty insurance company that is not, and not Affiliated with, the Company or the Reinsurer or their respective Affiliates, with at least 15 years of experience in the management and oversight of claims and administration of policies of the type included in the Policies reinsured hereunder, who is independent and impartial, to be the Senior Insurance Professional.

“Special Termination Triggering Event” has the meaning given to it in the Collateral Article.

“Subject Business” means those Policies written, issued or assumed by the Company under the following business units as defined prior to the date hereof by the Company:

[\*\*\*]

“Tax” means any and all federal, state, foreign or local income, gross receipts, premium, capital stock, franchise, guaranty fund assessment, retaliatory, profits, withholding, social security, unemployment, disability, real property, ad valorem/personal property, stamp, excise, occupation, sales, use, transfer, value added, alternative minimum, estimated or other tax, fee, duty, levy, custom, tariff, impost, assessment, obligation or charge of the same or of a similar nature to any of the foregoing, including any interest, penalty or addition thereto.

“Third Party Accountant” means a nationally recognized independent accounting firm which is mutually acceptable to the Company and the Reinsurer or, if the Company and the Reinsurer are unable to agree on such an accounting firm, an independent accounting firm selected by mutual agreement of the Company’s and the Reinsurer’s independent accountants.

“Third Party Actuarial Firm” means a nationally recognized independent actuarial firm which is mutually acceptable to the Company and the Reinsurer or, if the Company and the Reinsurer are unable to agree on such an actuarial firm, an independent actuarial firm selected by mutual agreement of the Company’s and the Reinsurer’s independent auditors.

“Third-party Reinsurance” means that part or all of any contracts of reinsurance pursuant to which the Company has ceded any portion of Losses or LAE with respect to the Subject Business to another Person that is not an Affiliate of the Company.

“Transaction Agreements” means collectively this Agreement, the Trust Agreement and the Administrative Services Agreement.

“Trust Account” has the meaning given to it in the Collateral Article.

“Trust Agreement” has the meaning given to it in the Preamble.

“Trustee” has the meaning given to it in the Collateral Article.

“Ultimate Net Loss” (“UNL”) means, without duplication, all Liability for (a) Losses, plus (b) LAE, plus (c) *Ex Gratia* Payments, plus (d) premiums paid in respect of Third-party Reinsurance, less (e) Collectible Third-party Reinsurance, less (f) other recoverables in respect of the Subject Business, including salvage and subrogation (net of related recovery expenses to the extent not otherwise included in LAE).

UNL shall exclude the following:

1. Any amounts paid prior to the Effective Date;
2. Commissions under the Subject Business, including but not limited to profit sharing.
3. ULAE with respect to the Subject Business.
4. Company Extra Contractual Obligations.
5. Any Taxes imposed on or payable by the Company.
6. Any *ex gratia* payments other than those included in the definition of “*Ex Gratia* Payments.”

Nothing in the foregoing shall be construed as implying that amounts are not recoverable hereunder by the Company until a final determination of UNL.

“Unallocated Loss Adjustment Expenses” (“ULAE”) means those costs and expenses in respect of the administration, servicing, handling of management of the Subject Business and that are not LAE, including, personnel costs, overhead, or similar internal costs and expenses. For the avoidance of doubt, whether or not the Company reflect an expense as a ULAE on its financial statements or other books and records shall not affect whether such expense qualifies as ULAE for purposes of this Agreement.

Unless otherwise expressly provided, for purposes of this Agreement the following rules of interpretation and construction shall apply:

1. The headings and subheadings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.
2. When a reference is made in this Agreement to the preamble or to an article, paragraph, exhibit or schedule, as applicable, such reference shall be to the preamble or to an article, paragraph or schedule of this Agreement.
3. Whenever the words “include,” “includes” or “including” are used in this Agreement they shall be deemed to be followed by the words “without limitation.”



4. The words “hereof,” “herein” and “herewith” and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.
5. The word “or” need not be disjunctive and shall mean “and/or” unless otherwise provided.
6. The word “will” shall be construed to have the same meaning and effect as the word “shall.”
7. The meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term, and words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.
8. A reference to any party to this Agreement or any other agreement or document shall include such party’s successors and permitted assigns.
9. A reference to any Applicable Law shall include any amendment thereto, any modification or re-enactment thereof, any provision substituted therefor and all rules, regulations and statutory instruments issued thereunder or pursuant thereto (including any amendment to, or modification of, such rules, regulations or statutory instruments).
10. A reference to any period of days shall be deemed to be to the relevant number of calendar days unless otherwise specified.
11. The Parties have participated jointly in the negotiation and drafting of this Agreement; consequently, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the Parties and no presumption, burden of proof or rule of strict construction shall arise favoring or disfavoring any Party by virtue of its authorship of any provision of this Agreement.
12. This Agreement shall be interpreted as if the reinsurance ceded hereunder is able to be, and is, accounted for as prospective reinsurance under statutory accounting principles applicable to the Company (regardless of whether the Company actually accounts for this Agreement utilizing retroactive accounting). Specifically, references to “full statutory financial statement credit for the reinsurance provided under this Agreement”, “statutory financial statement and regulatory credit for the reinsurance ceded hereunder”, “full credit on [the Company’s] statutory financial statements for the reinsurance provided by this Agreement” and words and phrases of similar import shall mean the maximum amount of credit that the Company would be eligible to record for the reinsurance ceded hereunder, assuming that the Company were able to account for this Agreement as prospective reinsurance under statutory accounting principles applicable to the Company (regardless of whether the Company actually accounts for this Agreement utilizing retroactive accounting). For the avoidance of doubt, the failure of the reinsurance ceded under this Agreement to be accounted for as prospective reinsurance under statutory accounting principles applicable to the Company shall not, in and of itself, constitute a Reinsurance Credit Event.

All exhibits and schedules are incorporated in and made a part of this Agreement as if set forth in full herein.

## ARTICLE 2 - CLOSING

The Closing shall occur and the reinsurance contemplated hereby shall become effective in accordance with the terms hereof no later than the third Business Day following the date on which all of the conditions set forth in the Closing Conditions Article have been satisfied or waived in writing by the party waiving such conditions (other than those conditions which by their nature are to be satisfied on the Closing Date) at the offices of Hogan Lovells US LLP, 1735 Market Street, Floor 23, Philadelphia, PA 19103 (or remotely via the electronic exchange of documents in .pdf format or by using generally recognized e-signature technology (e.g., DocuSign or Adobe Sign)), unless another date, time or place is agreed to in writing by the Parties. All transactions at the Closing shall be deemed to take place simultaneously, and no transaction shall be deemed to have been completed and no documents or certificates shall be deemed to have been delivered until all other transactions are completed and all other documents and certificates are delivered.

## ARTICLE 3 - LPT COVERAGE

- A. On the Closing Date, the Company hereby cedes, and the Reinsurer hereby accepts and agrees to reinsure, 100% of all UNL; provided, however, that the aggregate amount paid by the Reinsurer in respect of UNL hereunder shall be subject to the Aggregate Limit, the Aggregate Sub-Limits, and the Loss Corridor.

The Reinsurer's liability under this Agreement shall commence on the Closing Date, and will be subject in all respects to the same terms, rates, conditions, interpretations, assessments, waivers, modifications, endorsements, alterations, and cancellations as in the Subject Business, and shall be bound, without limitation, by all payments and settlements entered into by or on behalf of the Company, subject only to the terms, conditions and limits of this Agreement.

- B. Notwithstanding any provision of this Agreement to the contrary, the Company shall retain and be responsible for, and the Reinsurer shall not pay or be liable for, all Ultimate Net Loss in excess of the Loss Corridor Attachment Point up to the Loss Corridor Detachment Point (the "Loss Corridor").
- C. This Agreement excludes any Liability to the extent that, in the Company's reasonable determination, the cession of such Liability to the Reinsurer hereunder would cause the Company to breach any term or condition of, or otherwise cause a reduction in the amount recoverable under, any Third-party Reinsurance. Any amounts excluded pursuant to this paragraph C shall not qualify as UNL.
- D. The Reinsurer will not be liable to provide any coverage or make any payment hereunder if such coverage or payment would be in violation of any Applicable Law related to economic or trade sanctions that would expose the Reinsurer or any of its Affiliates to any sanctions, prohibition, restriction or penalty under such Applicable Law.
- E. From and after the date hereof, the Company will not purchase any reinsurance protection, except for intercompany reinsurance, after the Closing Date for all or any part of the

Subject Business ceded hereunder without the prior written consent of the Reinsurer; provided, however, the foregoing restriction shall not apply following an Administrative Rights Triggering Event to the extent that the reinsurance protection to be obtained is in respect of Ultimate Net Loss in excess of the Aggregate Limit.

- F. From and after the date hereof, the Company will not, and will cause its Affiliates not to, amend or waive any terms or rights with respect to the Policies unless such amendment or waiver is required by Applicable Law or consented to in writing by the Reinsurer.
- G. From and after the date hereof, the Company will not, and will cause its Affiliates not to, settle, commute, compromise or waive any Third-party Reinsurance without the prior written consent of the Reinsurer.

#### ARTICLE 4 - ADMINISTRATION; CLAIMS COOPERATION

- A. Subject to the terms of this Article, the Subject Business will continue to be administered by the Company. From the date hereof through the termination of this Agreement, the Company shall administer or cause to be administered the Subject Business (i) in good faith, (ii) in compliance with Applicable Law, (iii) consistent with sound administrative practices consistently applied, and (iv) with no less skill and diligence as have been applied by the Company prior to the date hereof. The Company shall notify the Reinsurer of any material changes that it makes to its claims handling practices after the date hereof with respect to the Subject Business, which notice shall include an explanation of the rationale for such changes. If the Company changes its claims practices or, without a formal change, engages in a pattern of claims practices having, in the aggregate, the effect of such a change, in a manner that the Reinsurer reasonably believes has a material adverse effect on the Reinsurer's liability or the attachment of the Reinsurer's liability, the Reinsurer shall notify the Company promptly after becoming aware of such effect (an "Adverse Modification Notice") and the Parties shall work together in good faith to seek to modify such change to the practices in a manner reasonably acceptable to the Company; provided, however, that if the Parties, acting in good faith, are unable to agree with respect to whether there has been a material change in the claims practices or whether and how a corrective modification shall be implemented or the impact of such changes, the Reinsurer shall have the right, within 90 days following the submission of the Adverse Modification Notice, to submit the dispute as to whether there was a material change to the claims handling practices and, if so, whether the change did cause a material adverse effect on the Reinsurer's liability hereunder or the attachment thereof (a "Claims Practice Modification Dispute") to a panel comprising a neutral Senior Insurance Professional and the Third Party Actuarial Firm (the "Panel") to resolve such Claims Practice Modification Dispute. Each Party shall furnish to the Panel such work papers, books, records and documents and other information pertaining to the Claims Practice Modification Dispute, as the Panel may request. The Panel shall issue its written determination with respect to Claims Practice Modification Dispute within 30 days after such matters are submitted to the Panel; provided, however, that the failure of the Panel to make its written determination in such thirty (30) day period shall not be grounds to defend against, object to the enforcement of or contest the validity or enforceability of such written determination. If the Panel determines that there was a material change to the claims handling practices and that the change did cause a material adverse effect on the Reinsurer's liability hereunder or the

attachment thereof, then the Panel shall be authorized to adjust the calculation of Ultimate Net Loss under this Agreement, with the Company bearing the difference at its own expense, to put the Reinsurer in substantially the same economic position it would have been in had the Company not made the adverse change to its claims practices, and the Company at its own expense shall implement in a reasonable time frame and in good faith steps to cure the cause of the material adverse effect that the Panel determined the Reinsurer suffered or incurred as a result of such practice, action or inaction. The costs and expenses of the Panel shall be split evenly between the Company and the Reinsurer. The determinations by the Panel shall be binding on the Parties with respect to the Claims Practice Modification Dispute. The Panel shall act as an expert, not as an arbitrator, and neither the determination of the Panel, nor this Agreement to submit to the determination of the Panel, shall be subject to or governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq., or any state arbitration law or regime.

- B. During the duration of this Agreement:
  - 1. from the Closing Date until the date on which an Administrative Rights Triggering Event (if any) occurs, the Reinsurer and each of its designated Affiliates shall have the administrative rights set forth on Schedule D attached hereto (the "Initial Administrative Rights"); and
  - 2. from the date on which an Administrative Rights Triggering Event occurs until such time as the Ultimate Net Loss exceeds the Aggregate Limit, the Reinsurer and each of its designated Affiliates shall have the right to administer all of the Subject Business reinsured hereunder at its cost pursuant to the Administrative Services Agreement, including the right to retain third-party administration.
- C. The Company shall retain control over the administration of any Third-party Reinsurance; provided that following an Administrative Rights Triggering Event, the Reinsurer or its designated Affiliate shall have the right to either supervise the administration of the Third-party Reinsurance by the Company or assume management of the Third-party Reinsurance.
- D. Each Party shall use its commercially reasonable efforts to cooperate with the other Party as reasonably requested by such other Party in connection with the administration of the Subject Business as contemplated by this Article, and take such further actions and execute such further documents and agreements as may be necessary to carry out the purpose and intent of this Article. If the Reinsurer elects to assume the administration of the Subject Business following the occurrence of an Administrative Rights Triggering Event, the Company shall, and shall cause its Affiliates to, provide reasonable transition and migration services, which, (i) in the case of transition services (e.g., services that would require the Company to host the Reinsurer or any of its Affiliates on any system of the Company or its Affiliates or require the services of one or more full time employees) shall be provided pursuant to a negotiated transition services agreement that shall be in a customary form (including with respect to compensation to the Company and its Affiliates for providing such services) and (ii) in the case of data migration services, the Company shall bear the cost of delivering the data in a reasonable format agreed upon by the Parties.

## ARTICLE 5 - REPORTING

- A. Prior to an Administrative Rights Triggering Event pursuant to which the Reinsurer has asserted its rights to assume administration of the Subject Business, within 15 days of the end of each calendar month, the Company shall provide the Reinsurer with a report in respect of the Subject Business. The specific content and format of the report shall be mutually agreed by the Parties prior to the Closing and set forth on a revised version of Schedule A hereof. At a minimum, the report shall include the following monthly information with respect to the Subject Business: (i) gross and net paid and incurred Losses and LAE, (ii) gross and net outstanding case reserves for Losses and LAE and gross and net outstanding IBNR reserves for Losses and LAE, (iii) applicable reinsurance, subrogation, salvage or other recoveries, (iv) cumulative net paid Ultimate Net Loss since the Effective Date, (v) each of the items referenced in paragraph (a)(ii) of Schedule D attached hereto, (vi) with respect to any calendar quarter end, any amounts withdrawn by the Company from any Trust Account or drawn on any Letters of Credit or other form of collateral posted by the Reinsurer, if applicable, and (vii) with respect to any calendar quarter end, any amounts due to or from the Reinsurer pursuant to this Agreement.
- B. Following an Administrative Rights Triggering Event pursuant to which the Reinsurer has asserted its rights to assume administration of the Subject Business, within 15 days of the end of each calendar month, the Reinsurer or one of its Affiliates shall provide the Company with a report in respect of the Subject Business. The specific content and format of the report shall be mutually agreed by the Parties prior to the Closing and set forth on a revised version of Schedule A hereto. At a minimum, the report shall include the following monthly information with respect to the Subject Business: (i) gross and net paid and incurred Losses and LAE, (ii) gross and net outstanding case reserves for Losses and LAE and gross and net outstanding IBNR reserves for Losses and LAE, (iii) applicable reinsurance, subrogation, salvage or other recoveries, (iv) cumulative net paid Ultimate Net Loss since the Effective Date, (v) with respect to any calendar quarter end, any amounts withdrawn by the Company from any Trust Account or drawn on any Letters of Credit or other form of collateral posted by the Reinsurer, if applicable, and (vi) with respect to any calendar quarter end, any amounts due to or from the Reinsurer pursuant to this Agreement. The Company shall provide reasonable transition services to the Reinsurer and its Affiliates in connection with the Reinsurer asserting its rights to assume administration of the Subject Business in connection with an Administrative Rights Triggering Event, including reasonable assistance with the preparation of the reports required by this paragraph G during a reasonable transition period.
- C. The data presented in the reports delivered hereunder shall be segmented in a manner consistent with how it is currently maintained by the Company. Actuaries from both Parties shall meet at least quarterly to discuss the data quality, any modifications to the data segmentation or reporting systems, any changes in claims practices and such other information as they mutually agree during the term of this Agreement.
- D. Without limiting the terms of this Article, the Company shall provide to Reinsurer such periodic accounting and other reports with respect to the Subject Business and the liabilities reinsured hereunder (including, an annual external actuarial report prepared at the Reinsurer's sole cost and expense) as the Reinsurer may reasonably request and to the



extent reasonably available and not burdensome to the Company. The Reinsurer will identify and communicate any such requests to the Company sufficiently in advance of any required deadlines, to the extent practicable, such that the applicable information and timing for the provision thereof can be mutually agreed by the parties. Furthermore, the Company shall, at the Reinsurer's reasonable request, provide reports and similar information and attestations regarding the adequacy of the controls associated with the finance, actuarial, claims and ceded reinsurance reporting provided by the Company and its Affiliates to the Reinsurer, and the Reinsurer shall have the right, at its sole cost and expense, to appoint a third party of its choosing to perform any confirmatory testing reasonably required by the Reinsurer and its Affiliates, provided that any such testing shall not unreasonably interfere with the business of the Company or its Affiliates shall occur no more than once per calendar year and such third party shall agree to enter into a confidentiality and nondisclosure agreement reasonably acceptable to the Company.

- E. If the report delivered with respect to any calendar quarter end reflects a payment owed to the Company, the Company may withdraw such amount from the Trust Account to reimburse itself. If the balance of the Trust Account is insufficient, the Reinsurer shall make such payment to the Company within 15 Business Days following the date of delivery of the report. If any such report reflects a payment owed to the Reinsurer, any such payment shall be made within 15 Business Days following the date of delivery of the report, by the Company depositing such amount into the Trust Account to reimburse the Reinsurer.
- F. If the Party receiving any report delivered with respect to any calendar quarter end has any objection to such report on the basis of (i) manifest arithmetic error, or (ii) the amounts therein not being calculated in accordance with the terms of this Agreement, the receiving Party shall deliver to the preparing Party written notice thereof together with reasonable supporting detail concerning its objection. If a notice of objection in respect of the calculations in a report is provided by the receiving Party within 30 business days of receipt, the Parties shall attempt in good faith to resolve the objection between themselves. If such objection is resolved, the calculations in the report shall be agreed in writing and the Parties shall be bound by such calculation. If the Parties are unable to reach a resolution on the calculations in the report within 20 Business Days after receipt of the notice of objection, the dispute shall be submitted to the Third Party Accountant or Third Party Actuarial Firm, as appropriate, or resolution as soon as practicable whose decision shall be final and binding on the Parties.
- G. In making its determination in respect of calculations in any report, the Third Party Accountant or Third Party Actuarial Firm shall (i) consider only those items that (A) are identified as in dispute and (B) were not resolved in writing by the Company and Reinsurer, (ii) base its determination solely on such reports submitted by the Company and the Reinsurer and the applicable provisions of this Agreement, and not on the basis of an independent review, (iii) not assign a value to any item greater than the greatest value for such item claimed by either the Company or the Reinsurer or less than the smallest value for such item claimed by either the Company or the Reinsurer and (iv) barring exceptional circumstances, make its determination within 30 Business Days of its appointment; provided, that the failure of the Third Party Accountant or Third Party Actuarial Firm to make its determination in such 30 Business Day period shall not be grounds to defend

against or object to the enforcement of such determination. The cost of the Third Party Accountant or Third Party Actuarial Firm shall be borne by the Party whose position in respect of the dispute is not upheld by the Third Party Accountant or Third Party Actuarial Firm.

#### ARTICLE 6 - TERM OF THIS AGREEMENT

A. This Agreement shall commence on the Closing Date and shall remain in force until the earliest of:

1. The date on which all Liabilities in respect of Net Subject Reserves are extinguished and the Company has received full payment in respect thereof;
2. The date on which the net aggregate amount paid by the Reinsurer hereunder in respect of UNL equals the amount of the Aggregate Limit (for the avoidance of doubt, inclusive of the Loss Corridor);
3. The effective date of commutation of this Agreement, subject to receipt by the Company of the Commutation Amount.
4. The delivery of written notice by either Party to the other Party, in the event that the Closing Date has not occurred within 180 days following the date hereof, unless the failure of the Closing Date to occur by such date arises out of, or results from, the failure of such Party seeking to terminate this Agreement (or any of its Affiliates) to perform any of its obligations under this Agreement.
5. The delivery of written notice by either Party to the other Party, in the event that any of the Required Regulatory Approvals shall have been affirmatively denied or disapproved pursuant to a final and non-appealable Order.

B. This Agreement may be commuted only:

1. At any time by mutual written agreement of the Parties;
2. As may be required by the Company as provided in the Collateral Article following the occurrence of a Special Termination Triggering Event.

In the event this Agreement is commuted, the Company shall prepare a settlement statement setting forth the settlement amount (the "Commutation Amount") within 30 Business Days of the following:

1. The date of mutual agreement as respects subparagraph (1) above;
2. The date by which the Reinsurer may no longer cure any default as respects subparagraph (2) above.

Within 20 Business Days of receipt of the Company's calculation of the Commutation Amount, the Reinsurer may elect to dispute the Company's calculation of the Commutation Amount by delivering a notice of objection. In such case, the Company and the Reinsurer shall attempt in good faith to resolve the objection between themselves. If such objection is resolved, the calculation of the Commutation Amount shall be agreed in writing between

the Company and the Reinsurer and the Parties shall be bound by such calculation. If the Company and the Reinsurer are unable to reach a resolution on the calculation of the Commutation Amount within 20 Business Days after receipt by the Company of the Reinsurer's notice of objection, the dispute shall be submitted to the Third Party Actuarial Firm for resolution as soon as practicable whose decision shall be final and binding on the Parties.

In making its determination in respect of the calculation of the Commutation Amount, paragraph H of the Reporting Article shall apply *mutatis mutandis*.

- C. In the event this Agreement is commuted in accordance with paragraph B above, the Company shall withdraw cash from the Trust Account equal to the Commutation Amount, and, to the extent the Commutation Amount exceeds the balance therein, the Reinsurer shall pay any shortfall directly to the Company within 30 Business Days of the Commutation Amount being finalized. If the Reinsurer's Posted Collateral exceeds the Commutation Amount, the Company shall release its rights with respect to such excess collateral and permit any such excess collateral held in the Trust Account to be distributed to the Reinsurer within ten Business Days of the Commutation Amount being finalized.
- D. Following a commutation pursuant to this Article, including the payment of any amounts due under such commutation, both the Company and the Reinsurer will be fully and finally released from all rights and obligations under this Agreement, other than any payment obligations due hereunder prior to the commutation date but still unpaid on such date to the extent not reflected in the Commutation Amount and the provisions of the Confidentiality Article, the Arbitration Article and the Governing Law Article.

#### ARTICLE 7 - CONSIDERATION AND RECONCILIATION

- A. As consideration for the transactions contemplated by the Transaction Agreements, on the Closing Date, the Company shall pay to the Reinsurer an amount equal to the following (the "Initial Reinsurance Premium"):
  - 1. eight hundred sixty-seven million (\$867,000,000); less
  - 2. Loss payments booked by the Company on or after Effective Date and prior to the Closing Date in respect of the Subject Business, net of Collectible Third-party Reinsurance (the "Roll-forward Amount"). For the avoidance of doubt, for all purposes under this Agreement, the Roll-forward Amount shall be considered an amount paid by the Reinsurer in respect of UNL.

The Initial Reinsurance Premium shall be determined in accordance with the Initial Reconciliation Statement following the procedure set forth in paragraphs C and D below which shall reconcile the balances owed between the Company and the Reinsurer as of the Closing Date and set forth the aggregate net payment due to the Reinsurer. The Company shall deposit an amount equal to the Required Collateral Amount into the Trust Account and pay any remaining portion of the Initial Reinsurance Premium to the Reinsurer by wire transfer of immediately available funds on the Closing Date.



- B. The Initial Reinsurance Premium will be adjusted in accordance with the mutual agreement of the Final Reconciliation Statement following the procedure set forth in paragraphs C and D below and any return or additional amounts due either Party shall be paid in accordance with paragraph E below within 15 Business Days after the Final Reconciliation Statement is agreed. The final agreed calculation of the Initial Reinsurance Premium as reflected on the Final Reconciliation Statement shall be referred to as the "Final Reinsurance Premium."
- C. The Company and the Reinsurer will follow the procedure set forth below in achieving fully and finally reconciled amounts of these balances:
1. No later than two Business Days prior to the Closing Date, the Company will provide to the Reinsurer an estimated reconciliation statement as of the last day of the month preceding the Closing Date (the "Initial Reconciliation Statement," substantially in the form contained in Schedule B attached hereto).
  2. Within 30 Business Days following the Closing Date, the Company will provide to the Reinsurer a reconciliation statement (the "Interim Reconciliation Statement," substantially in the form contained in Schedule B attached hereto), setting forth the adjusted aggregate net payment calculated as of the Closing Date.
- D. After the receipt by the Reinsurer of the Interim Reconciliation Statement and until such time as the Final Reconciliation Statement is final and binding on the Parties, the Reinsurer and the Reinsurer Authorized Representative will have, upon prior written Notice, reasonable electronic access during normal business hours to the working papers of the Company and the Company Authorized Representative relating to the Interim Reconciliation Statement and the calculations set forth thereon. The Reinsurer will have the right to review the Interim Reconciliation Statement and comment thereon for a period of 45 Business Days after receipt thereof. Any changes in the Interim Reconciliation Statement that are agreed to by the Company and the Reinsurer within such 45 Business Day review period will be incorporated into a Final Reconciliation Statement (the "Final Reconciliation Statement," substantially in the form contained in Schedule B attached hereto). In the event the Reinsurer does not dispute the Interim Reconciliation Statement within such 45 Business Day review period, the Interim Reconciliation Statement will be deemed the Final Reconciliation Statement. In the event that the Reinsurer wishes to dispute the Company's calculation set forth in the Interim Reconciliation Statement, the Reinsurer shall deliver to the Company a notice of objection. In such case, the Company and the Reinsurer shall attempt in good faith to resolve the objection between themselves. If such objection is resolved, the Final Reconciliation Statement be agreed in writing between the Company and the Reinsurer and the Parties shall be bound thereby. If the Company and the Reinsurer are unable to reach a resolution on the Final Reconciliation Statement within 20 Business Days after receipt by the Company of the Reinsurer's notice of objection, the dispute shall be submitted to a Third Party Accountant for resolution as soon as practicable whose decision shall be final and binding on the Parties.

In making its determination in respect of the calculation of the Final Reconciliation Statement, paragraph H of the Reporting Article shall apply *mutatis mutandis*.

- E. All amounts required to be transferred from the Company to the Reinsurer will be made by depositing cash or other Eligible Investments approved by the Reinsurer in the Trust Account with a fair market value (determined in accordance with the terms of the Trust Agreement) equal to any amount due hereunder and all amounts required to be transferred from the Reinsurer to the Company will be made by the Company withdrawing the amount it is due from the Trust Account or, to the extent the balance of the Trust Account is insufficient, by the Reinsurer by wire transfer of immediately available funds equal to such shortfall, to the account or accounts designated by the Company in writing to the Reinsurer no later than five Business Days prior to the due date of any such payment.

#### ARTICLE 8 - COLLATERAL

- A. On or prior to the Closing Date, Reinsurer will establish a trust account (the "Trust Account") in order to provide collateral to support its obligations hereunder and to provide to the Company credit for the reinsurance provided hereunder under the terms of the Trust Agreement. During the term of the Trust Agreement, Reinsurer shall not, and shall direct that the Trustee shall not, grant or cause to be created in favor of any third person any security interest whatsoever in any of the assets in the Trust Account or in the residual interest therein. The quality and types of the assets held in the Trust Account must meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves; provided, that the Trust Account will be permitted to hold Eligible Investments.
- B. On the Closing Date, on behalf of Reinsurer, the Company shall deposit cash or Eligible Investments reasonably acceptable to the Reinsurer with a fair market value equal to the Required Collateral Amount.
- C. It is understood that:
1. The trustee under the Trust Agreement (the "Trustee") shall be the Bank of New York Mellon, JPMorgan Chase Bank or other qualified financial institution for purposes of the Illinois credit for reinsurance laws approved by the Company, with such approval not to be unreasonably withheld; and
  2. Trust assets will be managed by the Reinsurer or its assigned representative in accordance with the Trust Agreement.
- D. Reinsurer shall, at its own expense, be required to take all steps (including the posting of letters of credit or other acceptable security) necessary to comply with all Applicable Laws in any applicable United States jurisdiction so as to permit the Company to obtain full credit on its statutory financial statements for the reinsurance provided by this Agreement in all applicable United States jurisdictions throughout the entire term of this Agreement to the extent credit is not otherwise available under such Applicable Law. Any event that results or is reasonably likely to result, given the passage of time, in the Company being unable to obtain full statutory financial statement credit for the reinsurance provided under this Agreement in any applicable United States jurisdiction at any point in time during the term of this Agreement shall be referenced herein as a "Reinsurance Credit Event." Reinsurer shall promptly notify the Company of any event or change or condition that will reasonably likely result in a Reinsurance Credit Event.

- E. The amount of Reinsurer's Posted Collateral shall not be less than the Required Collateral Amount. Notwithstanding the foregoing, except to prevent or resolve a Reinsurance Credit Event, the Required Collateral Amount shall not exceed the Aggregate Limit less paid UNL.
- F. Within 30 Business Days of the end of each calendar quarter, beginning with the calendar quarter (or portion thereof) ending after the Closing Date, the Company shall determine the Required Collateral Amount for the subsequent quarter and provide written notice thereof to the Reinsurer. If the Reinsurer's Posted Collateral is less than the Required Collateral Amount, the Reinsurer shall deposit into the Trust Account additional Eligible Investments with a fair market value (determined in accordance with the terms of the Trust Agreement) equal to such deficiency within five Business Days of receipt of the applicable Required Collateral Amount. Alternatively, the Reinsurer may post Letters of Credit for the benefit of the Company having a face amount that, together with the fair market value (determined in accordance with the terms of the Trust Agreement) of the Eligible Investments held in the Trust Account, is not less than the Required Collateral Amount. If the Reinsurer's Posted Collateral is in excess of the applicable Required Collateral Amount, so long as the Reinsurer is not in default of any of its obligations under this Agreement or any Transaction Agreement, the Reinsurer may request such excess funds be released to the Reinsurer (or any such Letter of Credit returned) within 15 Business Days of receipt of the Company's determination of the applicable Required Collateral Amount, subject to the Reinsurer's obligation to maintain at all times Qualifying Collateral in an amount not less than the Required Collateral Amount.
- G. It is understood and agreed that at all times the Net Subject Reserves will be determined in good faith by the Company in accordance with the Company's usual and customary reserving practices in the preparation of quarterly and annual statutory financial statement, and in compliance with statutory accounting principles, generally accepted actuarial standards and principles and Applicable Law. It is further understood and agreed that no more often than annually, the Reinsurer may perform its own estimate of Net Subject Reserves as of the end of the calendar year, and in the event this calculation differs by more than 5.0% from the Company's calculation of such Net Subject Reserves, then, the Reinsurer may dispute the Company's calculation. The parties shall seek to resolve such dispute in good faith. If the parties are unable to resolve such dispute within 60 days of written notice of such dispute delivered by Reinsurer to the Company, the dispute shall be submitted to a Third Party Actuarial Firm to resolve such dispute and determine the Net Subject Reserves.

In making its determination in respect of the Net Subject Reserves, paragraph H of the Reporting Article shall apply *mutatis mutandis*.

- H. The Company and Reinsurer acknowledge and agree that, upon the occurrence of a Reinsurance Credit Event, this Agreement, the Trust Agreement and the Trust Account shall be modified for that period of time for which the Reinsurance Credit Event continues to apply, to fully conform to the requirements of the laws and regulations governing credit for reinsurance of the Company and any other relevant jurisdictions within the United

States and to provide to the Company full statutory financial statement credit for the reinsurance provided hereunder.

- I. If any of the following events occurs (each, a “Special Termination Triggering Event”):
1. The Reinsurer fails to provide additional collateral in accordance with paragraph F above and within the timeframe specified; or
  2. The Reinsurer is in material breach of this Agreement (other than as a result of any act or omission by the Company); or
  3. The Reinsurer has its authority to transact any classes of reinsurance or insurance withdrawn or suspended; or
  4. Local statutory regulations restrict or prohibit the Reinsurer’s performance of any or all of its material obligations under this Agreement; or
  5. The initiation or commencement of a liquidation, insolvency, rehabilitation, conservation, supervision or similar proceeding by or against the Reinsurer; or
  6. A Reinsurance Credit Event has occurred and is continuing,
- the Company, in addition to any other remedies it has under the terms of this Agreement or otherwise, may provide Notice to the Reinsurer of such default and may, if the Reinsurer fails to cure the applicable Special Termination Triggering Event within 60 days from receipt of the Notice (except the Special Termination Triggering Events described in subparagraphs 5 and 6 above, which shall have no cure period), in the Company’s sole discretion, commute this Agreement pursuant to the Term of this Agreement Article.
- J. The Reinsurer may substitute or exchange assets in the Trust Account (and the Company shall instruct the Trustee to effect such substitution or exchange), provided (i) any assets to be so substituted or exchanged (the “Replacement Assets”) are Eligible Investments, (ii) the Replacement Assets are deposited in such Trust Account on the day of the substitution or exchange and (iii) the aggregate fair market value of the Replacement Assets is at least equal to the aggregate fair market value of the assets being removed from such Trust Account. The Reinsurer shall also be permitted to withdraw assets from the Trust Account immediately following the posting of a Letter of Credit securing the Reinsurer’s obligations hereunder in a face amount equal to the fair market value of the assets to be so withdrawn, and the Company shall instruct the Trustee to effect any such withdrawal.
- K. Assets in the Trust Account, Letters of Credit and any other collateral provided by the Reinsurer may be drawn upon by the Company (or any successor by operation of law of the Company, including any liquidator, rehabilitator, receiver or conservator of the Company) at any time, and shall be utilized and applied by the Company (or any successor by operation of law of the Company, including any liquidator, rehabilitator, receiver or conservator of the Company), without diminution because of insolvency on the part of the Company or the Reinsurer, only for one or more of the following purposes:

1. to pay or reimburse the Company for the Reinsurer's share under this Agreement of Losses and LAE paid by the Company, but not recovered from the Reinsurer, or for unearned premiums due to the Company if not otherwise paid by the Reinsurer;
2. to make payment to the Reinsurer of any excess collateral amounts in the event and to the extent that the Reinsurer's Posted Collateral exceeds the Required Collateral Amount; provided, however, with respect to Qualifying Collateral held in the Trust Account, such excess shall exceed the actual amount required to fund the portion of the Required Collateral Amount held in the Trust Account; or
3. (i) when the Company has received notification of the termination of the Trust Account or the termination or non-renewal of the Letter of Credit (as applicable) and (ii) when the Reinsurer's entire obligations under this Agreement remain unliquidated and undischarged ten days prior to the date of such termination or non-renewal, to withdraw amounts equal to the Reinsurer's obligations under this Agreement and deposit those amounts in a separate account, in the name of the Company in any qualified U.S. financial institution as defined in Section 173.1(3)(B) of the Illinois Insurance Code apart from its general assets, and in trust for the uses and purposes specified in subparagraphs (1) and (2) of this paragraph, as may remain executory after the withdrawal and for any period after the termination date.

The Company shall deposit in the Trust Account, within five Business Days, assets withdrawn from the Trust Account or amounts drawn against the Letters of Credit in excess of all amounts due under subparagraph (1) above or, in the case of subparagraph (3) above, assets that are subsequently determined not to be due. Any such excess amount shall at all times be held by the Company (or any successor by operation of law of the Company, including any liquidator, rehabilitator, receiver or conservator of the Company) in trust for the sole and exclusive benefit of the Reinsurer and be maintained in a segregated account, separate and apart from any assets of the Company for the sole purpose of funding the payments and reimbursements described in paragraph K above. The Company shall pay interest at a rate not in excess of the prime rate of interest in cash to the Reinsurer on the amount withdrawn, equal to the actual amount of interest, dividends, and other income earned on the assets in such segregated account.

- L. The Reinsurer may withdraw assets from the Trust Account or cause any Letters of Credit or other forms of collateral provided by the Reinsurer to be amended or terminated if, but only to the extent that, the Reinsurer's Posted Collateral exceeds the Required Collateral Amount, and the Company shall take such action as is necessary to allow the Reinsurer to so withdraw assets or cause any such Letters of Credit or other forms of collateral to be so amended or terminated.
- M. Promptly following termination of this Agreement and payment of any and all amounts due to the Company, the Company and the Reinsurer shall take all actions necessary or reasonably advisable to terminate the Trust Account and the Trust Agreement and to cause the termination, release or return, as applicable, of any Letters of Credit or other collateral provided by the Reinsurer pursuant to this Agreement.



## ARTICLE 9 - REPRESENTATIONS AND WARRANTIES

- A. Except as set forth in the disclosure schedules delivered by the Company to Reinsurer on the date hereof (the "Company Disclosure Schedule"), the Company hereby represents and warrants to the Reinsurer, as of the date hereof and as of the Closing Date (except for representations and warranties which address matters only as of a specific date, which representations and warranties shall be true and correct as of such specific date), as follows:
1. The Company is duly incorporated, validly existing and in good standing under the laws of its jurisdiction of domicile, and has the requisite corporate power and authority to: (a) own its properties and assets and to carry on its business as currently conducted; (b) enter into and consummate the transactions contemplated by, and carry out its obligations under, this Agreement; and (c) execute and deliver the Transaction Agreements, perform its obligations under the Transaction Agreements and consummate the transactions contemplated under the Transaction Agreements.
  2. (a) The Transaction Agreements and the consummation of the transactions contemplated hereunder and thereunder have been or will be duly authorized by all requisite corporate action on the part of the Company. This Agreement has been and, the Transaction Agreements to be delivered at or after Closing will be, duly executed and delivered by the Company, and, assuming due authorization, execution and delivery by the Reinsurer, this Agreement constitutes, and the other Transaction Agreements to be delivered at or after Closing will constitute, the legal, valid and binding obligation of the Company, enforceable against it in accordance with their terms except to the extent such enforceability may be subject to, and limited by, applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, receivership and similar law affecting the enforcement of creditors' rights generally, and general equitable principles (regardless of whether enforceability is considered a proceeding at law or in equity) (collectively, the "Enforceability Exceptions"). (b) The execution, delivery and performance by the Company of the Transaction Agreements does not, and the consummation of the transactions contemplated hereunder and thereunder will not, with or without notice or lapse of time, or both: (i) conflict with, be prohibited by or require any approval that has not already been obtained under any of the provisions of the organizational documents of the Company; (ii) conflict with, result in a breach of or default under, be prohibited by, require any consent or other action under, or give rise to a right of termination, amendment or acceleration under, any contract or instrument to which the Company is a party, except as would not have or be reasonably expected to have a material adverse effect on the Company; or (iii) contravene any requirements of Applicable Law or any Order, permit or license applicable to the Company in any material respect.
  3. Other than the Required Regulatory Approvals, no consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Authority is required to be made by or with respect to the Company in connection with the execution, delivery and performance of the Transaction Agreements by the Company or the consummation by the Company of any of the transactions

contemplated hereunder and thereunder, other than such consent, approval, or authorization from any Governmental Authority that has already been obtained by the Company or any declaration, filing with or notice to any Governmental Authority that has already been made by the Company.

4. The Company is in material compliance with each of the following: (a) its organizational documents; (b) all Applicable Law to the extent related to the Policies or the Subject Business; and (c) all material Orders, permits and licenses issued to it by any Governmental Authority in connection with the Policies or the Subject Business.
5. No broker or finder, other than the Intermediary, whose fee shall be paid by the Company, has acted directly or indirectly for the Company, and neither the Company nor any Affiliate thereof has incurred any obligation in respect of any broker or finder which might be entitled to any fee or commission from the Reinsurer or its Affiliates in connection with the transactions contemplated by this Agreement.
6. With respect to Section 9(A)(6) of the Company Disclosure Schedule, (a) the factual data made available to the Reinsurer by the Company and its Affiliates as regards the Subject Business set forth thereon was accurate in all material respects as of the date indicated therein, (b) the IBNR set forth thereon was calculated in accordance with the Reserve Standard and (c) the actuarial work product thereon was produced in accordance with generally accepted actuarial principles and sound actuarial judgment. The reserves and other provisions made for claims, benefits and any other liabilities with respect to the Subject Business, whether reported or incurred but not reported ("IBNR"), as established or reflected on the Company's most recent statutory annual statement were calculated in all material respects in accordance with: (a) applicable statutory accounting principles and generally accepted actuarial principles, in each case consistently applied; (b) Applicable Law; and (c) otherwise in accordance with the terms of the Policies; provided, however, nothing in this subparagraph 6 shall be deemed a representation or warranty with respect to the adequacy or sufficiency of reserves (the preceding clauses (a), (b) and (c), together with the proviso, the "Reserve Standard").

7. Since the Effective Date, (a) the Subject Business has been conducted in all material respects in the ordinary course consistent with past practices and (b) there has not been any adverse event, change or circumstance that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on the Subject Business or the Liabilities reinsured under this Agreement.
8. As of the date hereof, there is no material claim, action, suit, litigation, legal, administrative or arbitral proceeding, regulatory inquiry, investigation, examination or Order relating to the Policies or the Subject Business that, in each case, challenges or may reasonably be expected to have the effect of preventing, delaying or making unlawful the consummation of the transactions contemplated by the Transaction Agreements.
9. The Policies are (or were, with respect to expired or cancelled Policies) in full force and effect with respect to the coverage periods stated therein and are valid and enforceable by the issuing insurance company in accordance with their terms, subject to the Enforceability Exceptions. With respect to the Policies (a) the issuing insurance company is not in default under such Policy in any material respect and no event has occurred or is occurring which would create such a default by the issuing insurance company under such Policy (it being understood that claims under the Policies that are the subject of a good faith dispute shall not constitute defaults under the Policies for purpose of this subparagraph) and (b) each such Policy was issued in compliance in all material respects with Applicable Law. There are no material pending or, to the knowledge of the Company, threatened disputes with respect to the validity of any Policy.
10. [\*\*\*] for incurred but not reported losses and which was calculated in all material respects in accordance with: (a) applicable statutory accounting principles and generally accepted actuarial principles, in each case consistently applied; (b) Applicable Law; and (c) otherwise in accordance with the terms of the agreement(s) relating to such Third-Party Reinsurance.
11. (a) No agreement relating to any material Third-party Reinsurance contains any provision under which the reinsurer thereunder may terminate such agreement by reason of the transactions contemplated by this Agreement and (b) there has been no separate contract between the applicable ceding company (or its Affiliates) and any other party to such agreement that would under any circumstances reduce, limit, mitigate or otherwise affect any actual or potential loss to the parties under any such agreement, other than insuring contracts that are explicitly defined in any such agreement.
12. With respect to each agreement relating to any material Third-party Reinsurance: (a) neither the applicable ceding company (or its Affiliates), on the one hand, nor, to the knowledge of the Company, the reinsurer, on the other hand, is in default under such agreement, and no event has occurred which would create a material default or breach by the applicable ceding company (or its Affiliates) under such agreement; (b) such agreement is in full force and effect and is valid and enforceable in accordance with its terms subject to the Enforceability Exceptions;



and (c) such agreement complies in all material respects with Applicable Law. There are no material pending or, to the knowledge of the Company, threatened disputes with respect to the validity of any such agreement.

13. The Company has made available to the Reinsurer true and correct copies of all external actuarial reports of which the Company is aware with respect to periods ended on or after September 30, 2021 as regards the Subject Business and the factual information and factual data upon which such reports are based are true and correct in all material respects. No material information related to the Subject Business has been (a) knowingly withheld from the Reinsurer with the intent of misleading the Reinsurer or (b) knowingly misstated.

B. The Reinsurer represents and warrants to the Company as follows as of the date hereof and as of the Closing Date:

1. The Reinsurer is duly incorporated, validly existing and in good standing under the laws of Bermuda and has the requisite corporate power and authority to: (a) own its properties and assets and to carry on its business as currently conducted; (b) enter into and consummate the transactions contemplated by, and carry out its obligations under, this Agreement; and (c) execute and deliver the Transaction Agreements, perform its obligations under the Transaction Agreements and consummate the transactions contemplated under the Transaction Agreements.
2. (a) The Transaction Agreements and the consummation of the transactions contemplated hereunder and thereunder have been or will be duly authorized by all requisite corporate action on the part of the Reinsurer. This Agreement has been and, the Transaction Agreements to be delivered at or after Closing will be, duly executed and delivered by the Reinsurer, and, assuming due authorization, execution and delivery by the Company, this Agreement constitutes, and the other Transaction Agreements to be delivered at or after Closing will constitute, the legal, valid and binding obligation of the Reinsurer, enforceable against it in accordance with their terms except to the extent such enforceability may be subject to, and limited by, the Enforceability Exceptions. (b) The execution, delivery and performance by the Reinsurer of the Transaction Agreements does not, and the consummation of the transactions contemplated hereunder and thereunder will not, with or without notice or lapse of time, or both: (i) conflict with, be prohibited by or require any approval that has not already been obtained under any of the provisions of the organizational documents of the Reinsurer; (ii) conflict with, result in a breach of or default under, be prohibited by, require any consent or other action under, or give rise to a right of termination, amendment or acceleration under, any contract or instrument to which the Reinsurer is a party, except as would not have or be reasonably expected to have a material adverse effect on the Reinsurer; or (iii) contravene any requirements of Applicable Law or any Order, permit or license applicable to the Reinsurer in any material respect.
3. Other than the Required Regulatory Approvals, no consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Authority is required to be made by or with respect to the Reinsurer in connection

with the execution, delivery and performance of the Transaction Agreements by the Reinsurer or the consummation by the Reinsurer of any of the transactions contemplated hereunder and thereunder, other than such consent, approval, or authorization from any Governmental Authority that has already been obtained by the Reinsurer or any declaration, filing with or notice to any Governmental Authority that has already been made by the Reinsurer.

4. Since December 31, 2020, the Reinsurer has filed all statutory annual statements, together with all material exhibits, interrogatories, notes, schedules and any actuarial opinions, affirmations or certifications or other supporting documents in connection therewith, in each case required by Applicable Law to be filed by Reinsurer with its domiciliary regulator on forms prescribed or permitted thereby (collectively, the "SAP Statements"). The Reinsurer has made available to the Company correct and complete copies of the SAP Statements. Subject to the notes thereto, the SAP Statements present fairly, in all material respects, the statutory financial position and the statutory results of operations, capital and surplus of the Reinsurer, respectively, as of the respective dates and for the respective periods referred to therein, subject to normal year-end adjustments.
5. No broker or finder has acted directly or indirectly for the Reinsurer, and neither the Reinsurer nor any Affiliate thereof has incurred any obligation in respect of any broker or finder which might be entitled to any fee or commission from the Company or its Affiliates in connection with the transactions contemplated by this Agreement.

#### ARTICLE 10 - CLOSING CONDITIONS

- A. The Reinsurer's obligation to consummate the transactions contemplated by this Agreement to be consummated at the Closing is subject to the satisfaction (or waiver, if permissible under Applicable Law) on or prior to the Closing Date of the following conditions:
  1. The representations and warranties of the Company set forth in this Agreement (without giving effect to any limitation set forth therein as to materiality or material adverse effect) shall be true and correct on and as of the Closing Date as though made on and as of the Closing Date (except to the extent any such representation and warranty speaks only as of an earlier date, in which event such representation and warranty shall have been true and correct as of such date), except where the failure of such representations and warranties to be so true and correct would not, individually or in the aggregate, reasonably be expected to materially adversely affect the Subject Business.
  2. The Company shall have performed and complied with all covenants and agreements required by this Agreement to be performed or complied with, in each case, in all material respects by the Company at or prior to the Closing.
  3. The Reinsurer shall have received a certificate from the Company, dated as of the Closing Date and signed by a duly authorized officer of the Company, that each of

the conditions set forth in the foregoing subparagraphs (1) and (2) above have been satisfied.

4. There shall be no final, non-appealable Order, stipulation or determination of any Governmental Authority restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement.
  5. The Required Regulatory Approvals listed under the heading “Reinsurer Regulatory Approvals” on Schedule E shall have been made or obtained, as applicable.
  6. The Reinsurer shall have received executed copies of each of the Transaction Agreements to be executed and delivered by the Company.
- B. The Company’s obligation to consummate the transactions contemplated by this Agreement to be consummated at the Closing is subject to the satisfaction (or waiver, if permissible under Applicable Law) on or prior to the Closing Date of the following conditions:
1. The representations and warranties of the Reinsurer set forth in this Agreement (without giving effect to any limitation set forth therein as to materiality) shall be true and correct on and as of the Closing Date as though made on and as of the Closing Date (except to the extent any such representation and warranty speaks only as of an earlier date, in which event such representation and warranty shall have been true and correct as of such date), except where the failure of such representations and warranties to be so true and correct would not, individually or in the aggregate, impair the ability of the Reinsurer to consummate any of the transactions contemplated by the Transaction Agreements.
  2. The Reinsurer shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with, in each case, in all material respects by the Reinsurer at or prior to the Closing.
  3. The Company shall have received a certificate from the Reinsurer, dated as of the Closing Date and signed by a duly authorized officer of the Reinsurer, that each of the conditions set forth in the foregoing subparagraphs (1) and (2) above have been satisfied.
  4. There shall be no final, non-appealable Order, stipulation or determination of any Governmental Authority restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement.
  5. The Required Regulatory Approvals listed under the heading “Company Regulatory Approvals” on Schedule E shall have been made or obtained, as applicable.
  6. The Company shall have received executed copies of each of the Transaction Agreements to be executed and delivered by the Reinsurer.

7. The Company shall have received from the Reinsurer a properly completed and executed IRS Form W-8BEN-E, reasonably satisfactory to the Company, indicating that the Reinsurer is not subject to any withholding under FATCA and, if applicable, the Reinsurer's status as a FATCA compliant Foreign Financial Institution has been corroborated by the Reinsurer's name and Global Intermediary Identification Number appearing on the list of FATCA compliant Foreign Financial Institutions published periodically by the U.S. Internal Revenue Service.

## ARTICLE 11 - INDEMNIFICATION

### A. Survival of Representations, Warranties, Covenants and Agreements

1. The representations and warranties of the parties contained in this Agreement shall survive the Closing solely for purposes of this Article and shall terminate and expire eighteen (18) months from the Closing Date; provided that the Company Fundamental Representations and the Reinsurer Fundamental Representations shall survive until the expiration of the applicable statute of limitations. Any claim for indemnification in respect of any representation or warranty that is not asserted by notice given as required herein prior to the expiration of the applicable survival period specified in this subparagraph 1 shall not be valid and any right to indemnification is hereby irrevocably waived after the expiration of such period of survival.
2. To the extent that it is to be performed after the Closing, each covenant in this Agreement will, for purposes of this Article, survive and remain in effect in accordance with its terms plus a period of six months thereafter, after which no claim for indemnification with respect thereto may be brought hereunder. All covenants in this Agreement that by their terms are required to be fully performed prior to the Closing will survive the Closing for a period of six months from the Closing Date, after which time no claim for indemnification with respect thereto may be brought hereunder.
3. For purposes of determining whether a breach of a representation or warranty has occurred and in determining the amount of any Damages under this Article, each representation and warranty contained in this Agreement shall be read without regard to any materiality or material adverse effect qualifier contained therein, except to the extent that the foregoing results in a breach of a representation or warranty due solely to the failure of a Party to list any item or matter on a schedule hereto in reliance on such qualification.

### B. Indemnification of the Reinsurer by the Company:

The Company shall indemnify and hold harmless the Reinsurer and its representatives from and against any and all (i) Damages to the extent arising from (A) any breach of any representation or warranty of the Company made in paragraph A of the Representations and Warranties Article or any certificate delivered hereunder or (B) any breach of nonfulfillment of any agreement or covenant of the Company under this Agreement and not attributable to any acts or omissions of the Reinsurer or its representatives unless performed (or not performed) at the written request of the Company and (ii) Company Extra Contractual Obligations.

C. Indemnification of the Company by the Reinsurer:

The Reinsurer shall indemnify and hold harmless the Company and its respective representatives from and against any and all (i) Damages to the extent arising from (A) any breach of any representation or warranty of the Reinsurer made in paragraph B of the Representations and Warranties Article or any certificate delivered hereunder or (B) any breach of nonfulfillment of any agreement or covenant of the Reinsurer under this Agreement and not attributable to any acts or omissions of the Company or its representatives unless performed (or not performed) at the written request of the Reinsurer and (ii) Reinsurer Extra Contractual Obligations.

D. Certain Limitations:

1. Except in the case of fraud, the Company shall not be obligated to indemnify and hold harmless the Reinsurer under sub-section (i)(A) of paragraph B of this Article with respect to any claim, unless and until the aggregate amount of all Damages of the Reinsurer under sub-section (i)(A) of paragraph B of this Article exceeds \$5,000,000 (the "Deductible"), at which point the Company shall be liable to the Reinsurer for the value of claims under sub-section (i)(A) of paragraph B of this Article that is in excess of the Deductible, subject to the limitations set forth in this Article; provided, however, that any and all Damages to the extent arising from any breach of any representation or warranty of the Company made in subparagraphs 10, 11 and 12 of paragraph A of the Representations and Warranties Article (the "Reinsurance Representations and Warranties") shall not be subject to the Deductible; and, provided, further, that the maximum aggregate liability of the Company to the Reinsurer for any or all Damages under sub-section (i)(A) of paragraph B of this Article (i) excluding any and all Damages to the extent arising from any breach of the Reinsurance Representations and Warranties, shall not exceed \$50,000,000 (the "Cap") and (ii) with respect to any and all Damages to the extent arising from any breach of any Reinsurance Representations and Warranties, shall not exceed \$100,000,000.
2. Each party shall use commercially reasonable efforts to avoid or mitigate its Damages upon and after becoming aware of any event or condition which would reasonably be expected to give rise to any Damages.
3. Except in the case of fraud, the Reinsurer shall not be obligated to indemnify and hold harmless the Company under sub-section (i)(A) of paragraph C of this Article with respect to any claim, unless and until the aggregate amount of all Damages of the Company under sub-section (i)(A) of paragraph C of this Article exceeds the Deductible, at which point the Reinsurer shall be liable to the Company for the value of claims under sub-section (i)(A) of paragraph C of this Article that is in excess of the Deductible, subject to the limitations set forth in this Article; provided that the maximum aggregate liability of the Reinsurer to the Company for any or all Damages under this Agreement shall not exceed the Cap.
4. [Reserved].



5. In the event a claim for indemnification under this Article has been finally determined, the amount of such final determination shall be paid (i) if the indemnified party is the Reinsurer, by the Company to the Reinsurer and, (ii) if the indemnified party is the Company, by the Reinsurer to the Company, in each case on demand by wire transfer of immediately available funds to an account designated by the Company or the Reinsurer, as applicable. A claim for indemnification, and the liability for and amount of damages therefor, shall be deemed to be “finally determined” for purposes of this Article when the Parties have so determined by mutual agreement or, if disputed, when a final non-appealable Order has been entered into with respect to such claim.
- E. Exclusive Remedy: Except for fraud, this Article shall be the sole and exclusive remedies of the Reinsurer and the Company for the breach of any representation, warranty, covenant or agreement contained in this Agreement. Each Party hereby waives any and all rights to rescission of this Agreement.

#### ARTICLE 12 - CONFIDENTIALITY

- A. Each Party (the “Receiving Party”) hereby acknowledges that the terms and conditions of this Agreement, any materials provided by the other Party in the course of audit or inspection and any documents, information and data provided to it by the other Party, whether directly or indirectly, in connection with the placement, negotiation, execution and performance of this Agreement (hereinafter referred to as “Confidential Information”), are proprietary and confidential to the other Party (the “Disclosing Party”). Confidential Information shall not include documents, information or data that the Receiving Party can show:
1. Are publicly available or have become publicly available through no unauthorized act of the Receiving Party;
  2. Have been rightfully received from a third Person authorized to transmit such information who is not subject to an obligation of confidentiality to the Disclosing Party or its Affiliates with respect to such information;
  3. Were known by the Receiving Party prior to the date of this Agreement without an obligation of confidentiality and not derived from any Confidential Information; or
  4. Was independently developed by the Receiving Party or its Affiliates without the use or benefit of any information that would otherwise be Confidential Information.
- B. Absent the written consent of the Disclosing Party, the Receiving Party shall not disclose any Confidential Information to any third parties, except:
1. When required by Applicable Law or a Governmental Authority, including in connection with the performance of an audit of the Receiving Party’s records and/or financial condition;

2. When required by external auditors performing an audit of the Receiving Party's records;
3. In connection with the Receiving Party's performance of its obligations or enforcement of its rights under this Agreement or any other Transaction Agreement; or
4. To those of such Receiving Party's Affiliates who need to know such information for the foregoing purposes.

Notwithstanding the foregoing, prior to disclosure of Confidential Information to any third party under this paragraph B, the Reinsurer shall advise such third party that it shall be bound by the obligations and provisions of this Article and shall be responsible for disclosure of Confidential Information in violation of this Article by any such third party.

- C. Notwithstanding the above, in the event the Receiving Party is required by Order, other legal process or any Governmental Authority to release or disclose any or all of the Confidential Information, the Receiving Party agrees to provide the Disclosing Party with Notice of same at least ten Business Days prior to such release or disclosure, unless otherwise prohibited by Applicable Law, and to use its commercially reasonable efforts to assist the Disclosing Party, at the Disclosing Party's expense, to obtain a protective order or otherwise in maintaining the confidentiality provided for in this Article.
- D. The Receiving Party shall comply with all Applicable Laws and industry requirements that relate to the confidentiality, processing, use, storage, modification, deletion, privacy, security, protection, transfer or trans-border flow of information or data.
- E. The provisions of this Article shall extend to the officers, directors, employees, agents and representatives of each Party and its Affiliates, and shall be binding upon their successors and assigns, and the obligations contained in this Article shall survive the termination or expiration of this Agreement.

#### ARTICLE 13 - ACCESS TO RECORDS

The Reinsurer or its duly appointed representative shall have access to the books and records of the Company solely with respect to matters relating to the Subject Business upon reasonable advance written notice to the Company and at reasonable times during the regular business hours of the Company from time to time (but no more frequently than once per calendar half year), at the location where such books and records are maintained in the ordinary course of business, for the purpose of obtaining information concerning the Subject Business as it relates to this Agreement; provided, however, such access shall not unreasonably interfere with any of the business or operations of the Company. It is understood that reasonable advance written notice shall not be less than three Business Days. The Reinsurer may make copies of records of the Company solely with respect to matters relating to the Subject Business and at the Reinsurer's sole expense. In no event will the rights of the Reinsurer under this Article delay the prompt payment of amounts due hereunder.

#### ARTICLE 14 - REASONABLE BEST EFFORTS; REGULATORY MATTERS

- A. Upon the terms and subject to the conditions set forth in this Agreement, each of the Company and the Reinsurer shall, and shall cause their respective Affiliates to, use reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other Party in doing, all things reasonably necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including (i) preparing and filing with any Governmental Authority all consents, approvals, waivers, authorizations, notices and filings necessary, proper or advisable to consummate the transactions contemplated by this Agreement, (ii) using reasonable best efforts to provide and causing their respective Affiliates to use reasonable best efforts to provide, such information and documents to Governmental Authorities as such Governmental Authorities may reasonably request and (iii) using reasonable best efforts to obtain all consents, approvals, waivers or authorizations of Governmental Authorities necessary, proper or advisable to consummate the transactions contemplated by this Agreement and the other Transaction Agreements. For the avoidance of doubt, each party shall be solely responsible for the costs of making or obtaining any such consents, approvals, waivers, authorizations, notices and filings that it is required to make or obtain.
- B. The actions required by this Article shall not include acceptance by a Party together with its Affiliates of any requirement or condition that would or would reasonably be expected to materially decrease the aggregate economic benefits of the transactions contemplated by this Agreement and the other Transaction Agreements to such Party and its Affiliates taken as a whole.
- C. Without limiting the generality of the foregoing, (i) each of the Company and the Reinsurer will make any filings required by the BMA as promptly as practicable, but in no event later than ten Business Days from the date hereof, with the BMA and (ii) the Parties hereto shall promptly, but in no event later than ten Business Days from the date hereof, make all other filings or submissions required with respect to other required approvals of Governmental Authorities.
- D. The Company and the Reinsurer agree that they shall consult with each other with respect to the obtaining of all consents, approvals, waivers and authorizations necessary, proper or advisable to consummate the transactions contemplated by this Agreement and the other Transaction Agreements and each Party shall keep the other apprised at reasonable intervals of the status of such matters relating to such consents, approvals and waivers. The Company and the Reinsurer shall have the right to review in advance and shall be provided with a reasonable opportunity to comment on, and to the extent practicable each shall consult the other on, in each case subject to Applicable Law, any material filing made with, or written materials submitted to, any Governmental Authority in connection with the transactions contemplated by this Agreement and the other Transaction Agreements, and each Party agrees to in good faith consider and reasonably accept comments of the other Party thereon. Each of the Company and the Reinsurer shall promptly deliver to the other Party copies of all such filings, applications and submissions relating thereto, and any supplement, amendment or item of additional information in connection therewith. The Company and the Reinsurer shall at reasonable intervals advise each other upon receiving



any substantive communication from any Governmental Authority with respect to any consent, approval, waiver or authorization required to consummate the transactions contemplated by this Agreement and the other Transaction Agreements, including at reasonable intervals furnishing each other copies of any written or electronic communication, and shall promptly advise each other when any such communication causes such Party to believe that there is a reasonable likelihood that any such consent, approval, waiver or authorization will not be obtained or that the receipt of any such consent, approval, waiver or authorization will be materially delayed or conditioned. Each of the Company and the Reinsurer shall not, and shall cause its respective Affiliates not to, permit any of their respective directors, officers, employees, partners, members, shareholders or any other representatives to participate in any pre-scheduled live or telephonic meeting (other than non-substantive scheduling or administrative calls) with any Governmental Authority in respect of any filings, investigation or other inquiry relating to the transactions contemplated hereby unless it consults with the other in advance and, to the extent permitted by Applicable Law and by such Governmental Authority, gives the other Party the opportunity to attend and participate in such meeting. Notwithstanding anything herein to the contrary no Party shall be required to disclose to the other Party any of its or its Affiliates' confidential competitive information or any personally identifiable information of their respective officers, directors other applicable individuals.

- E. In the event that any Governmental Authority requests that this Agreement be amended or any other Transaction Agreement be modified in connection with receipt of a Required Regulatory Approval, subject to the standard set forth in paragraph A of this Article and the limitations set forth in paragraph B of this Article, the parties shall work together in good faith to agree upon language with the applicable Governmental Authority and thereafter implement such language in such amendment or modification, as applicable.

#### ARTICLE 15 - INSOLVENCY

- A. In the event of the insolvency of the Company, all reinsurance made, ceded, renewed or otherwise becoming effective under this Agreement shall be payable by the Reinsurer on the basis of the liability of the Company under the Policies reinsured hereunder without diminution because of the insolvency of the Company. In the event of insolvency of the Company and the appointment of a liquidator, receiver or statutory successor of the Company, such payments by the Reinsurer shall be made directly to the Company or its liquidator, receiver or statutory successor, except where the contract specifically provides another payee of such reinsurance in the event of the insolvency of the Company or where the Reinsurer with the consent of the direct insured or insureds has assumed such policy obligations of the Company to the payees under such policies and in substitution for the obligations of the Company to such payees. Except as provided in this paragraph, the Reinsurer may not pay or settle, or agree to pay or settle, any Policy claim, or any portion thereof, directly to or with a policyholder of the Company if an Order of Rehabilitation or Liquidation (as defined in Chapter 215 of the Illinois Insurance Code) has been entered against the Company. Unless otherwise required by Applicable Law, under no circumstances shall the Reinsurer's liability hereunder be accelerated or enlarged by the insolvency of the Company.

- B. It is agreed and understood that in the event of the insolvency of the Company, the liquidator or receiver of the Company shall give written notice to the Reinsurer of the pendency of a claim against the Company on the Policies reinsured hereunder within a reasonable time after such claim is filed in the insolvency proceedings and that, during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses which it considers available to the Company or its liquidator or receiver. It is further understood that the expense thus incurred by the Reinsurer shall be chargeable against the Company as a part of the expenses of liquidation to the extent of a proportionate share of the benefit which accrues to the Company solely as a result of the defense undertaken by the Reinsurer.

#### ARTICLE 16 - NOTICES

- A. A notice or other communication pursuant to this Agreement (a "Notice") shall be:
1. In writing;
  2. In the English language; and
  3. Delivered personally or sent by first class post pre-paid recorded delivery (and air mail if overseas) or by courier using an internationally recognized courier company or by email to the Party due to receive the Notice to the address set out in paragraph C below or to an alternative address or person specified by that Party by not less than five Business Days' written notice to the other Party received before the Notice was dispatched.
- B. Unless there is evidence that it was received earlier, a Notice is deemed given if:
1. Delivered personally or by courier, when left at the address referred to in paragraph C below or, where left other than on a Business Day or outside normal business hours, on the next Business Day;
  2. Sent by mail, except air mail, six Business Days after posting it;
  3. Sent by air mail, two Business Days after posting it; and
  4. Sent by email, when confirmation of its transmission has been recorded by the sender's email capable device and where transmitted other than on a Business Day or outside normal business hours, on the next Business Day.

C. The addresses referred to in this Article are:

If to the Company:

Argonaut Insurance Company  
225 W. Washington Street, 24th Floor  
Chicago, Illinois 60606  
United States of America  
Attention: Thomas McCartney  
Email: thomas.mccartney@argogroupus.com

with copies (which shall not constitute notice) to:

Argonaut Insurance Company  
225 W. Washington Street, 24th Floor  
Chicago, Illinois 60606  
United States of America  
Attention: Allison Kiene  
Email: allison.kiene@argogroupus.com

with additional copies (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP  
One Manhattan West  
New York, New York 10001  
Email: elena.coyle@skadden.com  
chris.ulery@skadden.com  
Attention: Elena M. Coyle  
Christopher J. Ulery

If to the Reinsurer:

Cavello Bay Reinsurance Limited  
Windsor Place, 3rd Floor  
22 Queen Street  
Hamilton, HM11  
Bermuda  
Attention: Paul J. O'Shea  
Email: Paul.OShea@enstargroup.com

with copies (which shall not constitute notice) to:

Hogan Lovells US LLP  
1735 Market Street, Suite 2300  
Philadelphia, PA 19103-6996  
Attention: Robert C. Juelke  
Telephone: 267-675-4615  
Email: bob.juelke@hoganlovells.com

#### ARTICLE 17 - MISCELLANEOUS

##### A. Amendments

1. This Agreement may be amended only by mutual consent of the Parties expressed in a written addendum executed by the Parties with the same formalities as this Agreement, and such addendum shall be deemed to be an integral part of this Agreement and binding on the Parties accordingly. The expression amendment shall include any variation, supplement, deletion or replacement howsoever effected.
2. Unless expressly agreed, no variation shall constitute a general waiver of any provisions of this Agreement, nor shall it affect any rights, obligations or liabilities under or pursuant to this Agreement which have already accrued up to the date of variation, and the rights and obligations under or pursuant to this Agreement shall remain in full force and effect, except and only to the extent that they are so varied.

##### B. Costs

Each of the Parties shall pay its own costs incurred in connection with the negotiation and entering into of the Transaction Agreements, unless otherwise agreed in writing or unless otherwise specified in this Agreement.

##### C. Counterparts

This Agreement may be executed in any number of counterparts and by each Party on separate counterparts, each of which when executed and delivered is an original and all of which together evidence the same Agreement. Delivery of a counterpart of this Agreement by email attachment or telecopy shall be an effective mode of delivery.

##### D. Currency

The sign "\$" in this Agreement refers to United States of America dollars, and all payments will be made in that currency.

##### E. Entire Agreement

This Agreement and the other Transaction Agreements represent the entire agreement between the Company and the Reinsurer with respect to the subject matter hereof and thereof. There are no understandings between the Parties other than as expressed in this Agreement and the Transaction Agreements. All prior agreements, understandings and

representations made by the Company and the Reinsurer are superseded by this Agreement and the Transaction Agreements.

F. Errors and Omissions

Any inadvertent delay, omission, or error will not relieve the non-erring Party hereto from any liability, which would attach to it hereunder if such delay, omission or error had not been made, provided, such omission or error is rectified promptly upon discovery.

G. Further Assurances

Each of the Parties shall at any time (and from time to time on being reasonably required by the other Party) execute or procure all acts, deeds, documents and things reasonably necessary and within its power to give effect to the terms of this Agreement. Within 30 days of the date hereof or, if earlier, the Closing, the Company will provide the Reinsurer with a true and correct list of all policies, contracts, agreements and binders providing Third-party Reinsurance, and the Company will reasonably cooperate and provide assistance to the Reinsurer in its review of the aggregate value of the Third-party Reinsurance stated in Article 9, Section A, sub-section 10.

H. Severability

1. If any provision of this Agreement shall be rendered illegal or unenforceable by the laws, regulations or public policy of any jurisdiction, such provision shall be considered void in such jurisdiction, but this shall not affect the validity or enforceability of any other provision of this Agreement or the validity or enforceability of such provision in any other jurisdiction.
2. The Parties shall negotiate in good faith to attempt to agree to such provision so that it will comply with the Applicable Laws of the jurisdiction in which it was rendered illegal and unenforceable in order to effectuate the Parties' original intent.

I. No Waiver

The failure to exercise or delay in exercising a right or remedy provided by this Agreement or by Applicable Law does not impair or constitute a waiver of the right or remedy or an impairment of or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement or by Applicable Law presents further exercise of the right or remedy, or the exercise, of another right or remedy.

J. Parties to this Agreement

The Parties shall not assign, novate, transfer, declare a trust or in any other way alienate any other rights under this Agreement, whether in whole or in part, without the prior written consent of the other Party. This Agreement shall be binding upon all successors, assignees and transferees of the Parties to this Agreement; provided, however, that neither this Agreement nor any rights or obligations under this Agreement may be novated, assigned, charged or otherwise transferred or disposed of by either Party without the prior written consent of the other Party. Notwithstanding the foregoing, the Reinsurer shall have the right to reinsure or otherwise share the losses reinsured hereunder, provided that in no way

shall such reinsurance or other sharing of losses lessen or in any way diminish the Reinsurer's obligations to the Company hereunder.

K. Rights and Remedies

No failure or delay by any Party in exercising any right or remedy provided by law or under this Agreement or any Transaction Agreement shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any further exercise of it or the exercise of any other remedy.

L. Third Party Rights

Nothing will in any manner create any obligations or establish any rights against the Reinsurer in favor of any third parties or any persons not parties to this Agreement except as expressly provided otherwise herein.

M. Taxes

1. Federal Excise Tax. The Company shall pay to the applicable Governmental Authority, any and all Federal Excise Tax due with respect to the premium payable to the Reinsurer hereunder, to the extent such premium is subject to the Federal Excise Tax.
2. Federal Excise Refunds Tax. In the event of any return of premium becoming due hereunder, to the extent Federal Excise Tax was withheld from the premium by the Company the Reinsurer shall be entitled to deduct the applicable percentage of Federal Excise Tax from the return premium payable hereon, and the Company shall be entitled to take steps to recover and retain for its own account any refund of such Federal Excise Tax from the applicable Governmental Authority attributable to such return premium.
3. Withholding Taxes. The Company shall be entitled to deduct and withhold from amounts payable to the Reinsurer pursuant to this Agreement any amounts of Taxes pursuant to FATCA, except to the extent that both (i) the Reinsurer timely delivers to the Company such properly completed and executed documentation as prescribed by applicable Law or reasonably requested by the Company (and periodically updates such documentation as prescribed by applicable Law or reasonably requested by the Company) indicating that the Reinsurer is not subject to any withholding under FATCA, and (ii) if the Reinsurer indicates that it is a FATCA compliant Foreign Financial Institution within the meaning of FATCA, such status is corroborated by the Reinsurer's name and Global Intermediary Identification Number appearing on the list of FATCA compliant Foreign Financial Institutions published periodically by the U.S. Internal Revenue Service. To the extent that any amounts of Taxes are deducted and withheld by the Company and remitted to the appropriate Governmental Authority, such withheld and remitted amounts shall be treated for all purposes of this Agreement as having been paid to the Reinsurer.

N. Notification of Investigations.



The Reinsurer will notify the Company in writing of any and all investigations of the Reinsurer conducted by any Governmental Authority, other than routine regulatory examinations.

O. Offset

The Company and the Reinsurer may offset any balance or amount due from one Party to the other Party under this Agreement, and only the net balance shall be allowed or paid. This paragraph shall apply, to the fullest extent permitted by Applicable Law, notwithstanding the initiation or commencement of a liquidation, insolvency, rehabilitation, conservation, supervision or similar proceeding by or against the Company or the Reinsurer.

P. Certain Limitations

Notwithstanding anything to the contrary contained herein, the other Transaction Agreements, the Company Disclosure Schedule, or any of the schedules or exhibits hereto or thereto each Party acknowledges and agrees that neither the other Party nor any of its Affiliates, nor any representative of any of them, makes or has made, and such Party has not relied on, any inducement, promise, representation or warranty, oral or written, express or implied, other than except as expressly made the other Party in this Agreement or any certificate delivered hereunder. With respect to any estimation, valuation, appraisal, projection, or forecast included in data that is the subject of a representation or warranty pursuant to paragraph A of the Representations and Warranties Article, the Reinsurer acknowledges and agrees that: (i) there are uncertainties inherent in attempting to make such estimations, valuations, appraisals, projections, and forecasts; (ii) it is familiar with such uncertainties; and (iii) it is not acting and has not acted in reliance on, and the Company has not made any representation or warranty as to, the accuracy of any such estimation, valuation, appraisal, projection, or forecast delivered by or on behalf of the Company to the Reinsurer, its Affiliates or their respective representatives other than (to the extent set forth in an express representation or warranty set forth in paragraph A of the Representations and Warranties Article) with respect to the accuracy of factual data or information upon which such estimation, valuation, appraisal, projection, or forecast is based or, with respect to IBNR, that such IBNR was determined utilizing the Reserve Standard. The Company makes no express or implied representation, warranty under this Agreement or otherwise guaranteeing the future experience or other development of Subject Business.

## ARTICLE 18 - ARBITRATION

- A. Except as set forth in paragraph A of the Administration; Claims Cooperation Article, paragraph G of the Reporting Article, paragraph B of the Term of this Agreement Article, paragraph D of the Consideration and Reconciliation Article and paragraph G of the Collateral Article, any dispute arising out of the interpretation, performance or breach of this Agreement, including the formation and validity thereof, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration shall be in writing and sent certified or registered mail, return receipt requested.

- B. One arbitrator shall be chosen by each Party and the two arbitrators shall then choose an impartial third arbitrator who shall preside at the hearing. If either Party fails to appoint its arbitrator within 30 days after being requested to do so by the other Party, the latter, after ten days' prior notice by certified or registered mail of its intention to do so, may appoint the second arbitrator.
- C. If the two arbitrators do not agree on a third arbitrator within 60 days of their appointment, the third arbitrator shall be chosen in accordance with the following procedures: Each Party shall each exchange within ten calendar days thereafter, five names of individuals who are qualified to serve hereunder. Within seven calendar days of the exchange of names, the petitioner and respondent will agree on an umpire questionnaire to be sent to the umpire candidates by the party arbitrators. Umpire candidates must return a fully completed questionnaire to both Parties within 14 calendar days from when the questionnaire was sent. If any individual fails to return a questionnaire within the required time period or refuses to serve, the Party whose candidate did not respond or cannot serve, shall within five calendar days from the expiration of the period for return of the questionnaire, or notice of the refusal to serve, replenish its candidate pool to five individuals who could be qualified to serve hereunder and who shall answer the umpire questionnaire sent with the request to serve, within 14 calendar days from it being sent. After completion of this process, if there is one common individual chosen by the Parties, that individual shall serve as umpire. If there is more than one common individual chosen by the Parties, the Parties, unless they then agree to one individual, shall draw lots from among those chosen, and the individual chosen by lot shall act as umpire. If there are no common individuals chosen by Parties, each shall rank each of ten selected names in order of preference, with the number "one" being the most preferred and shall simultaneously notify the other Party of such ranking on a mutually agreed date. The individual with the lowest total numerical ranking shall act as umpire. If the ranking results in a tie, the Parties shall draw lots from among the individuals tied for the lowest total numerical rank, and the individual chosen by lot shall act as umpire. The arbitrators shall be persons knowledgeable about insurance and reinsurance who have no personal or financial interest in the result of the arbitration. If a member of the panel dies, becomes disabled or is otherwise unwilling or unable to serve, a substitute shall be selected in the same manner as the departing member was chosen and the arbitration shall continue.
- D. Within 30 days after all arbitrators have been appointed, the panel shall meet and determine timely periods for briefs, discovery procedures, and schedules of hearings.
- E. The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. Notwithstanding anything to the contrary in this Agreement, the arbitrators may at their discretion consider underwriting and placement information provided by the Company to the Reinsurer, as well as any correspondence exchanged by the parties that is related to this Agreement. The arbitration shall take place in Chicago, Illinois or at such other place as the Parties shall agree. The decision of any two arbitrators shall be in writing and shall be final and binding. The panel is empowered to grant relief as it may deem appropriate; however, in no event will the panel be authorized to award punitive damages.



- F. The panel shall interpret this Agreement as an honorable engagement rather than as merely a legal obligation and shall make its decision considering the custom and practice of the applicable insurance and reinsurance business as promptly as possible after the hearings. Judgment upon an award may be entered in any court having jurisdiction thereof.
- G. Each Party shall bear the expense of its own arbitrator and shall jointly bear with the Other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorney's fees, to the extent permitted by law.
- H. This Article shall survive the termination or expiration of this Agreement.

#### ARTICLE 19 - EXPEDITED DISPUTE RESOLUTION

Prior to the commencement of arbitration in accordance with the Arbitration Article, the Parties will utilize an expedited dispute resolution process involving one senior executive from each of the Company and the Reinsurer (each, a "Senior Executive"). If such Senior Executives are unable to resolve the dispute within ten Business Days of the dispute being referred to them, either Party may seek to resolve the dispute in accordance with the Arbitration Article.

#### ARTICLE 20 - GOVERNING LAW

This Agreement, and any dispute, controversy, or claim arising out of or relating to this Agreement, will be governed by and construed according to the laws of the State of Illinois.

#### ARTICLE 21 - INTERMEDIARY

- A. [\*\*\*] is hereby recognized as the Intermediary (the "Intermediary").
- B. The Company shall pay the Intermediary brokerage equal to [\*\*\*] within three Business Days after receipt of the Initial Reinsurance Premium.

#### ARTICLE 22 - WAIVER OF DUTY OF UTMOST GOOD FAITH

With respect to the reinsurance relationships and transactions among the parties and their Affiliates contemplated by this Agreement and the other Transaction Agreements, each party absolutely and irrevocably waives resort to the duty of "utmost good faith" or any similar principle in connection with the negotiation or execution of this Agreement and the other Transaction Agreements; provided that the foregoing shall not be deemed or interpreted to limit in any manner the express representations and warranties made by the Parties in this Agreement. Notwithstanding anything to the contrary contained in this Agreement or the other Transaction Agreements, each party agrees that it does not waive any such duty of "utmost good faith" or any similar principle relating to the conduct of the parties under this Agreement after the Closing.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives:

ARGONAUT INSURANCE COMPANY

By: /s/ Gary Grose  
Printed Name: Gary Grose  
Title: President

CAVELLO BAY REINSURANCE LIMITED

By: /s/ Paul Bohus  
Printed Name: Paul Bohus  
Title: Chief Executive Officer



**EXECUTION VERSION**

Exhibit10.2

Certain identified information marked with “[\*\*\*]” has been omitted from this document because it is both (i) not material and (ii) the type that the registrant treats as private or confidential.

**DATED 8 SEPTEMBER 2022**

**ARGO INTERNATIONAL HOLDINGS LIMITED**

and

**OHIO FARMERS INSURANCE COMPANY**

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**SHARE PURCHASE AGREEMENT  
FOR THE SALE AND PURCHASE OF THE ENTIRE  
ISSUED SHARE CAPITAL OF ARGO UNDERWRITING  
AGENCY LIMITED**

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**Skadden**

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TPV/ PRI Reinsurance Agreement

TPV/ PRI Claims Management Agreement Principles

D&F/ Casualty Reinsurance Agreement

D&F/ Casualty Claims Management Agreement Principles

Power of Attorney

Transitional Services Agreement



**THIS AGREEMENT** (this “**Agreement**”) is made on 8 September 2022

**BETWEEN:**

- (1) **ARGO INTERNATIONAL HOLDINGS LIMITED**, a private company limited by shares (registered in England and Wales No. 06543704), whose registered address is 6 Devonshire Square, London, England, EC2M 4YE (the “**Seller**”); and
- (2) **OHIO FARMERS INSURANCE COMPANY**, an Ohio, United States corporation whose registered office is at 1 Park Circle, Westfield Center, OH, 44251-9700 United States (the “**Purchaser**”),

(the Seller and the Purchaser together, the “**Parties**” and each individually a “**Party**”).

**WHEREAS:**

- (A) Particulars of each Target Company (as defined in this Agreement) are set out in Schedule 9 (*Basic information about the Target Group*).
- (B) The Seller has agreed to sell those Shares (as defined in this Agreement) set against its name in Schedule 1 (*Shares*) and the Purchaser has agreed to purchase and pay for the Shares in each case on the terms and subject to the conditions of this Agreement.

**IT IS AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

**1.1** In this Agreement, unless the context otherwise requires:

“**1910 Letter of Credit**” means the irrevocable standby letter of credit dated 14 November 2019 issued by JP Morgan Chase Bank, N.A. for the benefit of Citibank NA as trustee of credit for Reinsurance Trust Syndicate 1910 and with Argo Managing Agency Limited as account party (as amended and restated from time to time);

“**2022 YOA Argo Active Corporate Members**” means Nomina No 550 LLP, Argo (No. 604) Limited and Argo (Epsilon) Limited;

“**Accounts**” means documents 9.2.4.3, 9.2.1.2.1, 9.2.1.2.2, 9.2.1.2.3, 9.2.1.1.8 folder 9.2.1.1 (excluding document 9.2.1.1.9, 9.2.1.1.12, 9.2.1.1.3, 9.2.1.1.4, 9.2.1.1.7, 9.2.1.1.8, 9.2.1.1.13, 9.2.1.1.15, 9.2.1.1.17, 9.2.1.1.18, and 9.2.1.1.20) of the Data Room;

“**Accounts Date**” means 31 December 2020 (except in respect of AUA, ArgoGlobal Underwriting Asia Pacific Pte Ltd., ArgoGlobal Underwriting (Dubai) Limited and Syndicate 2012 where it shall mean 31 December 2021);

“**Affiliate**” means, with respect to any person, any other person directly or indirectly controlling, controlled by, or under common control with such person. For purposes of this definition, “control” when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting shares, by contract or otherwise, and the terms “controlling” and “controlled” have correlative meanings; provided that (a) for all

periods prior to the Completion, neither Purchaser, on the one hand, nor any member of the Target Group, on the other hand, will be treated as an Affiliate of the other, and (b) for all periods after the Completion, neither Seller, on the one hand, nor any member of the Target Group, on the other hand, will be treated as an Affiliate of the other.

**“Adjustment Date”** means 15 Business Days following the date on which the Completion Balance Sheet and the Net Assets Statement are agreed or determined in accordance with Schedule 11 (*Preparation of Completion Balance Sheet*);

**“After-Acquired Business”** has the meaning given in Clause 13.4(c);

**“Agent’s Agreement”** means each agent’s agreement between AMA and any Lloyd’s member’s agent acting on behalf of a Member of the Syndicates (in the form prescribed by Lloyd’s under the Agency Agreements Byelaw (No. 8 of 1988)) and as amended from time to time;

**“AMA”** means Argo Managing Agency Limited;

**“AML Laws”** means all Applicable Law in any jurisdiction in relation to money laundering, anti-money laundering, terrorist financing or counter-terrorist financing, including in the case of the UK (without limitation) the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and all related rules and guidance (including, without limitation, the related rules and guidance issued by the PRA or the FCA and the guidance issued by the Joint Money Laundering Steering Group);

**“Anti-Bribery Laws”** means the United Kingdom Bribery Act 2010 and the Irish Criminal Justice (Corruption Offences) Act 2018 and the rules and regulations issued thereunder, the United States Foreign Corrupt Practices Act 1977 (as amended from time to time), and any other domestic legislation implementing the Organisation for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997 and any other similar international conventions) applicable to any member of the Target Group or the business of any member of the Target Group, and all Applicable Laws involving anti-bribery and anti-corruption that are of binding force and effect;

**“Antitrust Laws”** means applicable supranational, national, federal, state, provincial or local Applicable Law designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolising or restraining trade or lessening competition through merger or acquisition;

**“Applicable Law”** means any and all:

- (i) legislation (including statutes, statutory instruments, treaties, regulations, orders, directives, by-laws and decrees) and common law;
- (ii) rules, binding guidance and supervisory statements of any Regulatory Authority, Tax Authority or Competition Authority;
- (iii) Lloyd’s Regulations; or

- (iv) rules and regulations of any stock exchange on which the securities of a member of the Seller's Group or Purchaser's Group are listed or quoted,

in each case to the extent applicable to the relevant person, enforced in each case from time to time;

**"Argo Active Corporate Members"** means Nomina No 550 LLP, Argo (No. 604) Limited, Argo (Alpha) Limited, Argo (Delta) Limited, Argo (Zeta) Limited and Argo (Epsilon) Limited;

**"Argo Corporate Members"** means Argo (No. 604) Limited, Nomina No 550 LLP, Argo (Epsilon) Limited, Argo (No. 617) Limited, Argo (No. 616) Limited, Argo (No. 607) Limited, Argo (No. 703) Limited, Argo (No. 704) Limited, Argo (Alpha) Limited, Argo (Chi) Limited, Argo (Delta) Limited, Argo (Gamma) Limited, Argo (Eta) Ltd., Argo (Zeta) Limited, and Ariel Corporate Member Limited;

**"Argo Group FAL"** means:

- (a) the FAL provided to Lloyd's by ARL on behalf of the Argo Active Corporate Members (as at 31 March 2022, being: \$137,000,00) (less any amount of FAL required to be provided under the terms of the D&F/ Casualty Reinsurance Agreement); and
- (b) the FAL provided to Lloyd's in the form of a letter of credit issued by Barclays Bank PLC as FAL on behalf of Argo (No. 604) Limited (as at the date of this Agreement, being: \$35,300,000);

**"ARL"** means Argo Re Ltd.;

**"Asset"** means (consistent with the US GAAP definition of an asset as provided in Statement of Financial Accounting Concepts No.8) a present right of an entity to an economic benefit;

**"AUA"** means Argo Underwriting Agency Limited;

**"Barclays Facility Agreement"** means the £26,000,000 letter of credit facility agreement between Argo Group International Holdings, Ltd., Argo (No. 604) Limited and Barclays Bank PLC dated 3 November 2021;

**"Base Balance Sheet"** means the balance sheet in respect of the Target Group as at 31 March 2022 included at Schedule 12 (*Base Balance Sheet*);

**"Base Balance Sheet Date"** means 31 March 2022, being the period end date for the Base Balance Sheet;

**"Base Consideration"** means the sum of \$125,000,000;

**"Base Net Assets"** has the meaning given to it in the Base Balance Sheet;

**"BMA"** means the Bermuda Monetary Authority (or its successors from time to time);

**“BMA Condition”** means the Condition set forth in paragraph 1.6 of Schedule 2 (*Conditions to Completion*);

**“Burdensome Condition”** means any condition, limitation or qualification imposed by any Regulatory Authority on its grant of any consent, authorisation, order, approval or exemption sought, or no objection confirmation provided in connection with the transactions contemplated by this Agreement that, individually or in the aggregate with all such conditions, limitations or qualifications, would or would reasonably be expected to:

- (i) have a material adverse effect on the business, results, operations or financial condition of the Purchaser’s Group;
- (ii) have a material adverse effect on the business, results, operations or financial condition of the Target Group;
- (iii) require or involve a material increase in the Funds at Lloyd’s supporting the Members of Syndicate 1200 above that required by Lloyd’s for Coming Into Line for the 2023 YOA; or
- (iv) require or involve a material modification to the terms of this Agreement, the TPV/ PRI Reinsurance Agreement, the TPV/ PRI Claims Management Agreement, the D&F/ Casualty Reinsurance Agreement or the D&F/ Casualty Claims Management Agreement that has or would reasonably be expected to have a material adverse impact on: (a) the Target Group, taken as a whole; or (b) the Purchaser’s Group;

**“Business Day”** means a day (other than a Saturday or a Sunday) on which banks are open for general business in Ohio (United States), Texas (United States), London (United Kingdom) and Hamilton (Bermuda);

**“Business Information”** means all information (in whatever form held) including (without limitation) all:

- (i) formulas, designs, specifications, drawings, know-how, manuals and instructions;
- (ii) customer lists, sales, marketing and promotional information;
- (iii) business plans and forecasts;
- (iv) technical or other expertise; and
- (vi) all corporate accounting and Tax records, correspondence, orders and enquiries;

**“CFA 2017”** means the Criminal Finances Act 2017;

**“Claim”** means any proceedings, claim, suit or action made by a Party arising out of the Share Purchase Documents (excluding the TPV/ PRI Reinsurance Agreement, the TPV/ PRI Claims Management Agreement, the D&F/ Casualty Reinsurance Agreement, the D&F/ Casualty Claims Management Agreement, Fronting Agreement,

the Transitional Services Agreement and any other documents in the Agreed Form) or the transactions contemplated hereby;

**“Coming into Line”** means, in relation to any Year of Account, the last date prescribed by Lloyd’s by which each Member must have provided its Funds at Lloyd’s if it is to be eligible to underwrite or to continue to underwrite insurance business at Lloyd’s for such Year of Account;

**“Companies Act”** means the Companies Act 2006;

**“Companies House Filings”** means the filings disclosed in Folder 28.6.5 of the Data Room;

**“Company Privacy Policies”** means any (a) internal or external past or present data protection, data usage, privacy and security policies of the Target Group, (b) public statements, representations, obligations, promises, commitments relating to privacy, security, or the processing of personal data, and (c) policies and obligations applicable to the Target Group as a result of any certification relating to privacy, security, or the processing of personal data;

**“Competing Business”** has the meaning given in Clause 13.4;

**“Competition Authority”** means any relevant competition or antitrust body or other governmental or supranational authority which is responsible for applying Antitrust Laws. To the extent that such a body, governmental or supranational authority has other responsibilities it shall only be considered a Competition Authority when applying Antitrust Laws;

**“Completion”** means completion of the sale and purchase of the Shares under this Agreement;

**“Completion Balance Sheet”** the balance sheet of the Target Group as at the Completion Date (including the notes thereon), as prepared and agreed or determined (as the case may be) in accordance with Schedule 11 (*Preparation of Completion Balance Sheet*);

**“Completion Date”** means the date on which Completion occurs;

**“Completion Net Assets”** the aggregate Assets less the aggregate Liabilities of the Target Companies less goodwill and intangible assets, in each case as derived from the Completion Balance Sheet and shown in the Net Assets Statement, calculated on a consolidated basis in accordance with the accounting principles, policies, standards, practices, evaluation rules and estimation techniques referred to in paragraph 3 of Schedule 11 (*Preparation of Completion Balance Sheet*);

**“Completion Obligations”** has the meaning given in Clause 6.2;

**“Completion Payment”** has the meaning given in Clause 5.2;

**“Condition”** has the meaning given in Clause 3.1;

**“Confidentiality Agreement”** means the confidentiality agreement effective as of 19 May 2022 between Argo Group International Holdings, Ltd. and Westfield Group;

**“Consideration”** has the meaning given in Clause 5.1;

**“Continuing Intra-Group Agreements”** means:

- (i) quota share reinsurance agreement dated 26 April 2022 between Argonaut Insurance Company and AMA (acting on behalf of Syndicate 1200), for risks attaching from 1 May 2022 to 1 May 2023, related to Amwins Specialty Logistics Underwriters LLC (Logistics), an MGA writing on behalf of Argonaut Insurance Company;
- (ii) quota share reinsurance agreement dated 26 April 2022 between Argonaut Insurance Company and AMA (acting on behalf of Syndicate 1200), for risks attaching from 1 May 2022 to 1 May 2023, related to Amwins Specialty Logistics Underwriters LLC (Cargo) (formally writing business as Sentinel Marine Underwriters, LLC), an MGA writing on behalf of Argonaut Insurance Company;
- (iii) quota share reinsurance agreement dated 23 December 2021 between Argonaut Insurance Company and AMA (acting on behalf of Syndicate 1200), for risks attaching from 1 December 2021 to 1 December 2022, related to Amwins Specialty Logistics Underwriters LLC (Contractors’ Equipment), an MGA writing on behalf of Argonaut Insurance Company;
- (iv) quota share reinsurance agreement dated 25 November 2021 Argonaut Insurance Company and AMA (acting on behalf of Syndicate 1200) for risks attaching from 1 December 2021 to 1 December 2022, related original declarations of insurance issued by Insurmark, a division of Financial & Professional Risk Solutions, Inc.;
- (v) quota share reinsurance agreement dated 29 April 2022 between Argonaut Insurance Company and AMA (acting on behalf of Syndicate 1200) for risks attaching from 1 May 2022 to 30 April 2023, related to business written and/or administered by the appointed agent, Marine Underwriters of America, Inc.;
- (vi) whole account stop loss agreement between AMA dated 11 April 2022 (acting on behalf of Syndicate 1200) and ARL for risks attaching during the 12 month period commencing 1 January 2022 to 31 December 2022, being the 2022 underwriting year, related to all business written by Syndicate 1200 s more fully defined in Syndicate 1200’s syndicate business forecast; and
- (vii) any reinsurance agreement and related claims administration agreements between a Retained Group company and a Target Group company or Syndicate 1200 that is not listed in Annex III to the Reinsurance Protocol (including, without limitation, the D&F/ Casualty Reinsurance Agreement, D&F/ Casualty Claims Management Agreement, TPV/ PRI Reinsurance Agreement and TPV/ PRI Claims Management Agreement), unless agreed in writing by the Parties.



**“Covered Liability”** means any and all debts, liabilities, expenses, commitments, or obligations, whether direct or indirect, accrued or fixed, known or unknown, absolute or contingent, matured or unmatured, determined or determinable, disputed or undisputed, joint or several, secured or unsecured, liquidated or unliquidated, whenever (including in the past, present or future) and however arising (including out of any contract or tort based on negligence or strict liability) and whether or not the same would be required to be reflected in the Accounts or disclosed in the notes thereto;

**“Credit Agreement”** means the credit agreement, dated as of 2 November 2018, among the Seller, Argo Group US, Inc., Argo Group International Holdings, Ltd., and Argo Underwriting Agency Limited, as borrowers, JPMorgan Chase Bank, N.A., Wells Fargo Bank, N.A., Bank of America, N.A., U.S. Bank National Association, HSBC Bank USA, N.A., and the other parties thereto, as amended;

**“D&F/ Casualty Reinsurance Agreement”** means the reinsurance agreement in respect of the D&F/ Casualty Risks in the Agreed Form to be entered into between Argo (604) Limited, Nomina No. 550 LLP and ARL immediately prior to Completion;

**“D&F/ Casualty Claims Management Agreement”** means the claims management agreement in respect of the D&F/ Casualty Risks based on the Argo (604) D&F/ Casualty Claims Management Agreement Principles to be entered into between Argo (604) Limited and Argo Insurance Services Bermuda Limited immediately prior to Completion;

**“D&F/ Casualty Claims Management Agreement Principles”** means the principles in respect of the terms of the proposed claims management and administration agreement for the D&F/ Casualty Claims Management Agreement, in the Agreed Form;

**“Damages Payment”** has the meaning given in paragraph 6.4(a) of Schedule 5;

**“Data Protection Laws”** means the following legislations to the extent applicable from time to time: (a) national laws implementing the Directive on Privacy and Electronic Communications (2002/58/EC); (b) the General Data Protection Regulation (2016/679) (the **“GDPR”**), the UK GDPR (as defined in the Data Protection Act 2018) and any national law supplementing the GDPR / UK GDPR; and (c) any other data protection or privacy laws, regulations, or regulatory requirements applicable to the processing of personal data (as amended and/or replaced from time to time);

**“Data Room”** means the contents of the Project Diamond electronic data room maintained on behalf of the Seller by Datasite as at 8 p.m. (BST) on 7 September 2022, an electronic file containing a copy of such electronic data room has been sent by the Seller’s Solicitors to the Purchaser’s Solicitors at 8 p.m. (BST) on 8 September 2022;

**“Dekania Notes”** means:

- (i) the US \$10,000,000 floating rate notes due 2036 issued by Heritage Underwriting Agency Limited pursuant to a note purchase agreement dated 2 November 2006 (as subsequently replaced pursuant to an amendment agreement dated 12 November 2008);

- (ii) the €12,000,000 floating rate notes due 2035 issued by Heritage Underwriting Agency Limited pursuant to a note purchase agreement dated 6 September 2005 (as subsequently replaced pursuant to an amendment agreement dated 12 November 2008);
- (iii) the €1,500,000 floating rate notes due 2037 issued by Heritage Underwriting Agency Limited pursuant to a note purchase agreement dated 8 June 2007 (as subsequently replaced pursuant to an amendment agreement dated 12 November 2008);
- (iv) the €12,000,000 floating rate notes due 2037 issued by Heritage Underwriting Agency Limited pursuant to a note purchase agreement dated 8 June 2007 (as subsequently replaced pursuant to an amendment agreement dated 12 November 2008);
- (v) the US \$6,500,000 floating rate notes due 2034 issued by Heritage Underwriting Agency Limited pursuant to a note purchase agreement dated 7 December 2004 (as subsequently replaced pursuant to an amendment agreement dated 12 November 2008); and
- (vi) the €10,500,000 floating rate notes due 2036 issued by Heritage Underwriting Agency Limited pursuant to a note purchase agreement dated 31 October 2006 (as subsequently replaced pursuant to an amendment agreement dated 12 November 2008);

**“DEWS Scheme”** means the DIFC Workplace Savings scheme;

**“DFSA”** means the Dubai Financial Services Authority (or its successors from time to time);

**“DIFC”** means the Dubai International Financial Centre;

**“DIFC Lease Agreement”** means the lease agreement entered into on 22 January 2022 by and between DIFC Investments Ltd., as landlord, and ArgoGlobal Underwriting (Dubai) Limited, as tenant, for the lease of premises at unit Gv-00-08-05-Of-030, Level 5, Gate Village 8, Dubai International Financial Centre, Dubai, United Arab Emirates;

**“Disclosed”** means fairly disclosed to the Purchaser in or with sufficient detail to allow the Purchaser, acting with reasonable diligence, to identify the nature and scope of the fact, matter, or circumstances so disclosed;

**“Disclosure Letter”** means the letter of the same date as this Agreement from the Seller to the Purchaser for the purposes of Clause 10.4 and delivered to the Purchaser before the execution of this Agreement;

**“Disclosed Scheme”** means each of the employee pension benefit plans in the United Kingdom listed at Folder 4 in the Data Room;

**“Dispute”** has the meaning given in Clause 4.7(d);

**“Dispute Resolution Procedure”** has the meaning given in Clause 4.7(d);



**“Dormant Company”** has the meaning given in paragraph 5.7 of Schedule 4 (*Warranties*);

**“Draft Migration Plan”** has the meaning given to it in Clause 4.7(a);

**“DTA Assumed Savings Amount”** has the meaning given to it in paragraph 1.1 of Schedule 15;

**“DTA Relief”** has the meaning given to it in paragraph 1.1 of Schedule 15;

**“Employee”** means any employee, officer or director having a contract of employment or service agreement with a Target Company;

**“Estimated Completion Net Assets”** means the Seller’s good faith estimate of what the Completion Net Assets of the Target Companies will be as at Completion, as delivered to the Purchaser not less than ten (10) Business Days prior to Completion;

**“Excess”** has the meaning given in Clause 10.1;

**“Excess Recovery”** has the meaning given in paragraph 6.4(d) of Schedule 5;

**“Excluded Business”** means:

- (a) the insurance business of the Seller and the Target Companies (and other Members of Syndicate 1200) in respect of Bermuda direct and facultative property business and power generation business (including, without limitation, all business underwritten by Argo Insurance Services Bermuda, Ltd. on behalf of the Retained Group and/or the Target Companies);
- (b) the insurance business of the Seller and the Target Companies (and other Members of Syndicate 1200) in respect of United States casualty business;
- (c) the Seller and the Target Companies’ business and operations in Brazil and Malta (including the disposals thereof); and
- (d) the Seller and the Target Companies’ discontinued operations in Singapore;

**“Excluded Liabilities”** means any Covered Liability related to or arising from the operation or conduct of Excluded Business prior to the Completion Date other than:

- (a) any Covered Liability in respect of (and to the extent to) which there is specific and identifiable on its face accrual, provision, reserve or liability in the Completion Balance Sheet for such specified Covered Liability;
- (b) insurance policy liabilities (including, for the avoidance of doubt, Ex Gratia payments (as such term is defined in the D&F/ Casualty Reinsurance Agreement) that are, or would be reinsured under the D&F/ Casualty Reinsurance Agreement entered into prior to Completion in accordance with this Agreement but for (i) any specific, agreed exclusion of such liabilities from coverage thereunder or (ii) any termination or commutation thereof;

- (c) any contractual liability or liabilities in respect of the breach of a contractual obligation of a Target Group Company under the D&F/Casualty Reinsurance Agreement and the D&F/ Casualty Claims Management Agreement, each entered into prior to Completion in accordance with this Agreement; and
- (d) any Loss of a Target Company to the extent such Loss is otherwise reimbursed by a Seller Group Company under the D&F/Casualty Reinsurance Agreement or the D&F/Casualty Claims Management Agreement, each entered into prior to Completion in accordance with this Agreement;

**“Existing Intra-Group Agreements”** means the intra-group agreements and arrangements, whether formal or informal by and between: (i) members of the Seller’s Group (excluding the Target Companies) on the one hand, and (ii) any Target Company on the other hand, and excluding only the Continuing Intra-Group Agreements;

**“FAL”** or **“Funds at Lloyd’s”** shall have the meaning given to that expression in the Lloyd’s Membership Byelaw (No. 5 of 2005);

**“FCA”** means the Financial Conduct Authority (or its successors from time to time);

**“Fronting Agreement”** means the fronting agreement relating to the arrangements reinsured under the Fronting Reinsurances based on the Fronting Principles to be entered into between AMA (for and on behalf of the Members of Syndicate 1200) and relevant members of the Retained Group at Completion;

**“Fronting Reinsurances”** means the Continuing Intra-Group Agreements other than those listed in paragraphs (vi) and (vii) of that definition);

**“Fronting Principles”** means the principles in respect of the terms of the proposed Fronting Agreement as set out in Schedule 18;

**“FSMA”** means the Financial Services and Markets Act 2000;

**“Fundamental Warranties”** means the Warranties set out in paragraphs 1 (*Capacity of the Seller*), 2 (*Shares*), 3 (*Corporate matters*), 4 (*Share Capital*), and 5 (*Subsidiaries*) of Schedule 4, and **“Fundamental Warranty”** shall be construed accordingly;

**“Group”** means with respect to a Party, such Party’s subsidiaries and subsidiary undertakings from time to time, any holding company of the Party and all other subsidiaries or subsidiary undertakings of any such holding company;

**“Indebtedness”** means all obligations and/or indebtedness in the nature of borrowings (including all interest accrued but unpaid thereon (and prior to any withholding and including any obligation to increase any payment on account of withholding) and accrued but unpaid penalties, costs, fees (including but not limited to legal and other professional fees) and charges in respect thereof, whether arising on the early settlement thereof or otherwise) which have not been paid or repaid, including:

- (i) monies borrowed (including overdrafts);

- (ii) obligations under any lease or hire purchase agreement or other deferred purchase, credit sale or conditional sale agreement (whether in respect of land, buildings, plant, machinery, equipment or otherwise) which is treated as a finance or capital lease in accordance with applicable accounting principles (but not including liabilities under operating leases);
- (iii) any derivative transaction for managing or hedging currency and/or interest rate risk provided that, where the agreement relating to that transaction provides for netting to occur, this paragraph (iii) shall include only the net amount of the payment obligation outstanding from the relevant person thereunder after such netting-off has occurred;
- (iv) amounts raised under any other transaction required to be accounted for as a borrowing in accordance with applicable accounting principles; and
- (v) any guarantee, indemnity or similar assistance against financial loss of any person in respect of any indebtedness falling within paragraphs (i) to (iv) above;

**“Independent Accountants”** has the meaning given to it in Schedule 11 (*Preparation of Completion Balance Sheet*);

**“Indemnity Claim”** means a claim by the Purchaser in respect of any of the indemnities set out in paragraph 1.1 of Schedule 17 (*Indemnities*);

**“Indemnity Dormant Company”** means all Argo Corporate Members other than the 2022 YOA Argo Active Corporate Members;

**“Information Technology”** means the hardware, software, firmware, middleware, equipment, electronics, platforms, servers, workstations, routers, hubs, switches, interfaces, data, databases, data communication lines, network and telecommunications equipment, websites and Internet-related information technology infrastructure, wide area network and other data communications or information technology equipment, owned or leased by, licensed to, or used to process Business Information and/or personal data in the conduct of the Target Business, including in respect to Syndicate 1200;

**“Insurance Contracts”** means the insurance and inward reinsurance policies and contracts, together with all binders, slips, certificates, endorsements, amendments and riders thereto issued or entered into that are written by any Target Company (including, for the avoidance of doubt, as a Member of a Lloyd’s syndicate or in the case of AMA as managing agent on behalf of the Member(s) of a Lloyd’s syndicate);

**“Insurance Policy”** has the meaning given to it in paragraph 29.1 of Schedule 4;

**“Intellectual Property”** means all intellectual property and intellectual property rights in any jurisdiction throughout the world including the following: patents, trademarks, rights in designs, copyrights and database rights (whether or not any of these is registered and including applications for registration of any such thing) and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of these which may subsist anywhere in the world;

**“Inter-Company Payables”** means any amounts owing, including in respect of interest accrued on such amounts, from any Target Company to any member of the Retained Group (but excluding Ordinary Trading Items);

**“Inter-Company Receivables”** means any amounts owing, including in respect of interest accrued on such amounts, from members of the Retained Group to any Target Company (but excluding Ordinary Trading Items);

**“Liability”** means, (consistent with the US GAAP definition of a liability as provided in Statement of Financial Accounting Concepts No.8), a present obligation of an entity to transfer an economic benefit;

**“Lloyd’s”** means the Society and Corporation of Lloyd’s, incorporated by the Lloyd’s Act 1871 (or their successors from time to time) and, where the context requires, shall include the Council of Lloyd’s (as constituted by the Lloyd’s Act 1982, including its delegates and persons by whom it acts) (or its successors from time to time);

**“Lloyd’s Argo Group FAL Release”** means the irrevocable release of any Argo Re FAL so that the Argo Re FAL is no longer subject to any restrictions imposed by Lloyd’s;

**“Lloyd’s Asia Administrator Notice”** has the meaning given to it in Clause 3.17.

**“Lloyd’s Regulations”** means the Lloyd’s Acts 1871 to 1982, byelaws, regulations, codes of practice, bulletins and mandatory directions and requirements governing the conduct and management of underwriting business at Lloyd’s from time to time;

**“LMA”** means the Lloyd’s Market Association which provides representation, information and technical services to underwriting business in the Lloyd’s market;

**“Long Stop Date”** means 30 June 2023 or such other date as the Seller and the Purchaser may agree in writing, provided that if Completion has not occurred on or before such date solely due to the failure of the Regulatory Conditions save where such failure results from the Purchaser’s failure to comply in all material respects with its obligations hereunder in respect of the Regulatory Conditions hereunder, the Seller and the Purchaser agree that the Long Stop Date shall be automatically extended to 30 September 2023;

**“Losses”** means any and all damages, losses, Taxes, interest, fees, disbursements, costs, expenses, penalties, fines, compensation, remedial payments settlement payments, awards, judgments against, deficiencies, financial obligations, third party assessments or other charges (and any of the same incurred in disputing, defending, investigating or providing evidence in connection with establishing the right to be indemnified);

**“Malicious Code”** means any “back door,” “drop dead device,” “time bomb,” “Trojan horse,” “virus,” “ransomware,” or “worm” (as such terms are commonly understood in the software industry) or any other code designed or intended to have, or capable of performing, any of the following functions: (a) disrupting, disabling, harming, interfering with or otherwise impeding in any manner the operation of, or providing unauthorised access to, a computer system or network or other device on which such

code is stored or installed; or (b) damaging or destroying any data or file without the user's consent;

**"Managing Agency Agreements"** means the Managing Agent's Agreement between AMA and each Member of the Syndicates (in the form prescribed by Lloyd's under the Agency Agreements Byelaw (No. 8 of 1988)) and as amended from time to time;

**"MAS"** means the Monetary Authority of Singapore (or its successors from time to time);

**"Material Adverse Effect"** means a material adverse effect on the business, assets, liabilities, operations, conditions (financial or otherwise), or results of operations of the Target Group or the Target Business; provided, that no effect of any fact, circumstance or change arising out of or resulting from any of the following shall constitute or be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur:

- (i) the global economy or capital or financial markets, including changes in interest or exchange rates or changes in equity markets and related changes in the value of the investment assets of the Target Group;
- (ii) political conditions generally and any hostilities or the worsening thereof, acts of war, sabotage, terrorism or military actions;
- (iii) any occurrence or condition generally affecting participants in the insurance industries that write similar business in the countries in which the Target Group operates;
- (iv) public announcement of this Agreement and the transactions contemplated hereby including any adverse change in customer, supplier, governmental, landlord, employee or similar relationships resulting therefrom;
- (v) any changes in Applicable Law, US GAAP, UK GAAP, Singapore GAAP, or IFRS (or such other accounting rules as apply to any member of the Target Group), or the enforcement or interpretation of any of the foregoing;
- (vi) any action taken by the Purchaser or its Affiliates, or taken by any of the Seller, any Target Group Company or any of their respective Affiliates at the request of the Purchaser;
- (vii) any change (or threatened change) in the credit, financial strength or other ratings (other than the facts underlying any such change (or threatened change)) of the Target Group (provided, that this paragraph (vii) shall not exclude the impact of such change (or threatened change) on the Target Group, including contractual arrangements and relationships with distribution channels resulting therefrom from being considered in determining whether a Material Adverse Effect has occurred or is reasonably expected to occur);
- (viii) any proposed business plan of the Purchaser's Group;

(ix) any failure by the Target Group to achieve any earnings, premiums written or other financial projections or forecasts (other than the underlying facts and circumstances that may have given rise or contributed to such failure);

(x) weather conditions, any epidemic, pandemic, disease outbreak (including COVID-19) or other governmental restrictions that arise out of, a pandemic, epidemic or disease outbreak or other force majeure events, acts of God or natural disaster; or

(xi) the taking of any action (or the omission of any action) expressly required by this Agreement;

provided, however, that, with respect to paragraphs (i), (ii), (iii), (v) or (x), such effect shall be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur solely to the extent such effect, individually or in the aggregate, is disproportionately adverse with respect to the Target Group or the Target Business as compared to other participants in the insurance industries that write similar business to similar customers in the markets in which the Target Group operates;

**“Material Completion Obligations”** means: (i) in respect of the Seller, those Completion Obligations set out in Part A paragraphs 1.1(a) to 1.1(g), 1.2 to 1.5 and 1.8(a) of Part A (*The Seller’s obligations*) of Schedule 3 (*Completion Arrangements*); and (ii) in respect of the Purchaser, those Completion Obligations set out in paragraphs 1(a) and 1(b) of Part B (*Purchaser’s obligations*) of Schedule 3 (*Completion Arrangements*);

**“Material Contracts”** has the meaning given in paragraph 8.1 of Schedule 4;

**“Material Inwards Reinsurance Contracts”** means all material in-force reinsurance agreements which are between any member of the Target Group (whether as a member of the Syndicates or otherwise) and a cedant, as applicable;

**“Material Outsourcing Contracts”** means all agreements which are between any member of the Target Group and any third party supplier that fall within the definition of “Material Outsourcing” in the FCA Handbook or involve the outsourcing of critical or important functions or activities of the Target Group;

**“Material Reinsurance Contracts”** means all material in-force reinsurance agreements which are between any member of the Target Group (whether as a member of the Syndicates or otherwise) and a reinsurer, as applicable;

**“Material Supplier Contracts”** means any contract between a Target Company and a third party supplier (excluding professional advisers), which would be considered material to the Target Companies by any Regulatory Authority (acting reasonably) when assessing the Target Companies’ operational resilience and third party risk management systems and controls;

**“Material Target Group Licence”** has the meaning given in paragraph 21.1 of Schedule 4 (*Warranties*);



**“Member”** means a person who has been duly admitted to membership of Lloyd’s pursuant to the Membership Byelaw (No. 5 of 2005);

**“Migration Plan”** has the meaning given in Clause 4.7(a);

**“Net Assets Statement”** means the statement setting out the amount of the Completion Net Assets as derived from the Completion Balance Sheet, and as prepared and agreed or determined (as the case may be) in accordance with this Schedule 11 (*Preparation of Completion Balance Sheet*);

**“Non-Compete Period”** has the meaning given in Clause 13.3;

**“Non-Fundamental Warranties”** means the Warranties excluding the Fundamental Warranties;

**“Non-Fundamental Warranty Claim”** means any claim, proceeding, suit or action against the Seller arising out of or in connection with the Non-Fundamental Warranties;

**“Objection Notice”** has the meaning given to it in Schedule 11 (*Preparation of Completion Balance Sheet*);

**“OFAC”** means the Office of Foreign Assets Control of the United States Department of the Treasury;

**“Ombudsman”** means the Financial Ombudsman Service as established under Part XVI and Schedule 17 of FSMA (or its successors from time to time);

**“Ordinary Trading Items”** means ordinary trade indebtedness outstanding at Completion between, on the one hand, a Target Company and, on the other hand, members of the Retained Group;

**“Permitted Purposes”** has the meaning given in Clause 20.1;

**“Power of Attorney”** means the power of attorney in the Agreed Form referred to at paragraph 1.1(c) of Part A of Schedule 3 (*Completion Arrangements*);

**“PRA”** means the Prudential Regulation Authority (or its successors from time to time);

**“Proceedings”** means any proceeding, suit or action arising out of or in connection with this Agreement or the negotiation, existence, validity or enforceability of this Agreement, whether contractual or non-contractual;

**“Producer”** means any producer, broker, agent, general agent, managing general agent, master broker agency, broker general agency, financial specialist or other person, including any employee of any Target Company, the Seller or its Affiliates, responsible for writing, marketing, producing, selling, soliciting or servicing Insurance Contracts prior to the Completion Date;

**“Property Owner”** means, in relation to any Relevant Property, the person referred to as the owner, or in respect of leasehold or licensed property the lessee or the licensee (as applicable) in Schedule 10 (*Relevant Property*);

**“Purchaser’s Group”** means the Purchaser, its subsidiaries and subsidiary undertakings, any holding company of the Purchaser and all other subsidiaries of any such holding company from time to time, including, from Completion, the Target Group Companies;

**“Purchaser’s Solicitors”** means Sidley Austin LLP of One South Dearborn, Chicago, IL 60603;

**“Purchaser Warranties”** means the warranties set out in Schedule 6 (*Purchaser Warranties*), and **“Purchaser Warranty”** shall be construed accordingly;

**“Regulatory Authorisation”** means any consents, authorisations, licences, permits, approvals, exemptions and waivers as are and have been necessary from any Regulatory Authority for the carrying on of the relevant part of the Target Group’s (or, as the case may be, a Target Group Company) or the Purchaser’s Group’s (or, as the case may be, a member of the Purchaser’s Group) business (as appropriate) in the manner that it is carried on at the date of this Agreement;

**“Regulatory Authority”** means any government, government department, quasi-governmental, supranational, statutory, regulatory or investigative body, authority, agency, bureau, board, commission, court, association, institution, department, tribunal or instrumentality thereof, and any other insurance or financial services or other regulatory authority which is not a Competition Authority or a Tax Authority and which regulates or supervises any member of the Purchaser’s Group, any member of the Retained Group or any member of the Target Group (as applicable) including the FCA, the PRA, Lloyd’s, the Bermuda Monetary Authority, the UK Information Commissioner and the Ombudsman (as applicable);

**“Regulatory Condition”** means the Conditions set forth in paragraphs 1.1 to 1.5 of Schedule 2 (*Conditions to Completion*);

**“Relevant Affiliate”** means any member of the Seller’s Group as of the date of this Agreement excluding the Target Group, and, for the avoidance of doubt, shall not mean or include:

- (i) any purchaser of, or investor in, any member of the Seller’s Group;
- (ii) any Affiliate of such purchaser or investor (other than the Seller and its subsidiaries as of the date of this Agreement excluding the Target Group); or
- (iii) any person with whom any member of the Seller’s Group merges, amalgamates, combines or Affiliates or any Affiliate of such person (other than any member of the Seller’s Group as of the date of this Agreement excluding the Target Group);

**“Relevant Property”** means those real property interests listed in Schedule 10 (*Relevant Property*) and **“Relevant Properties”** shall be construed accordingly;

**“Relief”** has the meaning given in paragraph 1 of Schedule 15;



**“Representatives”** means, in respect of a person, the directors, officers, employees, consultants, advisers, agents, accountants, investment bankers or other representatives of such person;

**“Retained Group”** means the Seller, each of the Seller’s direct or indirect subsidiaries and subsidiary undertakings from time to time, any direct or indirect holding company of the Seller and all other direct or indirect subsidiaries or subsidiary undertakings of any such holding company (except the Target Group Companies);

**“Retained Group Shared IP”** has the meaning given in Clause 16.1;

**“Sanctioned Country”** means any country or territory that is the target of comprehensive Sanctions, which at the time of signing include Cuba, Iran, North Korea, Syria, and the so-called Luhansk People’s Republic, Donetsk People’s Republic, and Crimea regions of Ukraine, as well as Russia and Belarus;

**“Sanctioned Person”** means (i) a person listed on a prohibited or restricted party list, including those maintained by the United States (including the U.S. Office of Foreign Assets Control “Specially Designated Nationals and Blocked Persons List” and “Consolidated Sanctions List,” or similar U.S. lists), the United Kingdom (including the United Kingdom Consolidated List of Financial Sanctions Targets), the European Union or its Member States (including the EU Consolidated Financial Sanctions List), or other applicable local or competent authority; (ii) the government, including any political subdivision, agency, or instrumentality thereof, of any Sanctioned Country or Venezuela; (iii) a person located in, resident in, or organised under the jurisdiction of, a Sanctioned Country; or (iv) a person, directly or indirectly, owned (50% or more) or controlled by, or acting or purporting to act on behalf of, a person or persons listed in (i)-(iii);

**“Sanctions”** means all trade, economic or financial sanctions or embargoes imposed, administered, or enforced by the United States (including the U.S. Department of Treasury’s Office of Foreign Assets Control, the U.S. Department of Commerce, and the U.S. Department of State), the United Kingdom (including HM Treasury’s Office of Financial Sanctions Implementation, the Foreign, Commonwealth & Development Office or Department for International Trade), the European Union and its Member States, or any other applicable local or competent authority;

**“Security Incident”** has the meaning given in paragraph 25.5 of Schedule 4;

**“Seller’s Group”** means the Retained Group and, prior to Completion, the Target Group;

**“Seller’s Solicitors”** means Skadden, Arps, Slate, Meagher & Flom (UK) LLP of 40 Bank Street, Canary Wharf, London E14 5DS;

**“Senior Employee”** means any Employee with an annual basic salary as at the date of this Agreement equal to or greater than £[\*\*\*];

**“Senior Representative”** has the meaning given in Clause 4.7(e), and **“Senior Representatives”** shall be construed accordingly;

**“Senior Representative Resolution Period”** has the meaning given in Clause 4.7(e);

**“Service Company”** means ArgoGlobal Underwriting (Dubai) Limited and ArgoGlobal Underwriting Asia Pacific Pte Ltd.;

**“Service Document”** means a claim form, application notice, order, judgment or any other document relating to any Proceedings;

**“Share Purchase Documents”** means the Confidentiality Agreement, the TPV/ PRI Reinsurance Agreement, the TPV/ PRI Claims Management Agreement, D&F/ Casualty Reinsurance Agreement, the D&F/ Casualty Claims Management Agreement, this Agreement, the Disclosure Letter, Fronting Agreement, the Transitional Services Agreement, the Power of Attorney and any other documents in the Agreed Form and any other agreements entered into pursuant to this Agreement;

**“Shares”** means the entire issued share capital of Argo Underwriting Agency Limited;

**“Singapore GAAP”** means the accounting principles, standards and practices generally accepted in Singapore, including the Singapore Financial Reporting Standards;

**“Subsidiaries”** means the Target Group (excluding AUA);

**“Surviving Clauses”** means Clause 1, Clause 3.16, Clause 6.5, Clause 15.3, Clause 22, Clause 23, Clause 24, Clause 25, Clause 26, Clause 27, Clause 28, Clause 29, Clause 30, Clause 31, Clause 34, Clause 35, Clause 36 and Clause 37 (inclusive);

**“Surviving Intra-Group Agreement”** has the meaning given in Clause 14.2(b);

**“Syndicate 1200”** means the Lloyd’s syndicate 1200 as constituted from time to time;

**“Syndicate 1910”** means the Lloyd’s syndicate 1910 constituted from time to time;

**“Syndicate 6117”** means the Lloyd’s syndicate 6117 as constituted from time to time;

**“Syndicates”** means Syndicate 1200, Syndicate 1910 and Syndicate 6117;

**“Target Business”** means the business of the Target Group Companies;

**“Target Group”** means those entities listed in Schedule 9 (*Basic information about the Target Group*), and **“Target Company”** or **“Target Group Company”** means any one of them;

**“Target Group Shared IP”** has the meaning given in Clause 16.2;

**“Target Tenancy Rights”** has the meaning given in Clause 12.9;

**“Tax”** or **“Taxation”** means all governmental, state, community, municipal or regional taxes, levies, imposts, duties, charges, deductions, withholdings and social security or national insurance contributions of any kind arising in any part of the world and all penalties, surcharges, costs and interest included in or relating to any Tax, in all cases, wherever and whenever imposed and regardless of whether such taxes, penalties,

charges, surcharges, costs and interest are directly or primarily chargeable against or attributable to a Target Company or any other person and regardless of whether a Target Company has or may have any right of reimbursement against any other person and any liability for the payment of any amounts of the type described above in this definition as a result of being a transferee of or successor to any person or as a result of any contract;

**“Tax Authority”** means Her Majesty’s Revenue & Customs in the United Kingdom, and any other government, state or municipality or any local, state, federal or other fiscal, revenue, customs or excise authority, body or official (whether in the United Kingdom, the United Arab Emirates, Singapore or elsewhere) competent to assess, demand, impose, collect or administer Tax or make any decision or ruling on any matter relating to Tax and any other person who has a right to demand or recover amounts of, or in respect of, Tax or a Tax liability;

**“Tax Claim”** means a Tax Covenant Claim or Tax Warranty Claim;

**“Tax Covenant”** means the tax covenant in Schedule 15 to this Agreement;

**“Tax Covenant Claim”** means a claim by the Purchaser under the Tax Covenant;

**“Tax Warranties”** means the Warranties contained in paragraph 34 of Schedule 4 (*Warranties*), and **“Tax Warranty”** shall be construed accordingly;

**“Tax Warranty Claim”** means a claim by the Purchaser in respect of a breach of any Tax Warranty;

**“Third Party Beneficiary”** has the meaning given in Clause 32

**“Third Party Consent”** means any consent, license or permission of, or waiver or other action by any third party (other than a governmental entity or an Affiliate of the Seller or the Purchaser), which, if not obtained prior to Completion, would provide a third party the right to terminate, accelerate, impair, alter or cancel a contract (or provide such counterparty with remedies thereunder) or result in the creation of any lien in respect of the Target Companies or their assets, in each case, as a result of the consummation of the transactions contemplated by this Agreement, the Share Purchase Documents and the other transactions contemplated hereunder;

**“Third Party Consent Costs”** has the meaning given to that term in Clause 4.7 (b);

**“Third Party Right”** means any interest or equity of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, assignment, hypothecation, encumbrance, security interest (including any created or imposed by law), title retention or any other security agreement or arrangement, or any agreement to create any of the foregoing;

**“Third Party Rights Clause”** has the meaning given in Clause 32;

**“Third Party Sum”** has the meaning given in paragraph 6.4(b) of Schedule 5 (*Limitations on liability*);

**“Third Party Sum”** has the meaning given in paragraph 6.4(b) of Schedule 5;

**“TPV/ PRI Reinsurance Agreement”** means the reinsurance agreement in the Agreed Form to be entered into by AMA (acting on behalf of Syndicate 1200) and ARL immediately prior to Completion;

**“TPV/ PRI Claims Management Agreement”** means the claims management agreement based on the TPV/ PRI Claims Management Agreement to be entered into by AMA (acting on behalf of Syndicate 1200) and Argo Management Services Limited immediately prior to Completion;

**“TPV/ PRI Claims Management Agreement Principles”** means the principles in respect of the terms of the proposed claims management and administration agreement for the TPV/ PRI Reinsurance Agreement in the Agreed Form;

**“Transaction”** means the transaction that is the subject of the Share Purchase Documents;

**“Transitional Services Agreement”** or **“TSA”** means the transitional services agreement in the Agreed Form to be entered into by ARL and AUA on the Completion Date, together with the schedule of Services (as defined in the TSA);

**“TSA Forum”** has the meaning given in Clause 4.7 (d);

**“TSA Representative”** has the meaning given in Clause 4.7 (d);

**“UK GAAP”** means the United Kingdom General Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;

**“US GAAP”** means United States generally accepted accounting principles;

**“VAT”** means (a) in the United Kingdom, the value added tax imposed by the VATA and legislation and regulations supplemental thereto, (b) in relation to any jurisdiction within the European Union, the value added tax provided for in Directive 2006/112/EC and charged under the provisions of any national legislation implementing that directive or Directive 77/388/EEC together with legislation supplemental thereto, and (c) in relation to any other jurisdiction, the equivalent Tax (if any) in that jurisdiction;

**“VATA”** means the Value Added Tax Act 1994;

**“Warranties”** means the warranties set out in Schedule 4 (*Warranties*) and **“Warranty”** shall be construed accordingly;

**“Warranty Claim”** means a claim by the Purchaser in respect of a breach of a Warranty;

**“Warranty Insurance Policy”** means the warranty and indemnity insurance policy arranged by the Purchaser with Euclid Transaction LLC, as underwriting representative, dated on or about the date of this Agreement with policy number #ET111-004-072; and

**“Working Hours”** means 9.00 a.m. to 5.00 p.m. on a Business Day; and

**“Years of Account” or “YOA”** means an underwriting year of account as defined in Lloyd’s Regulations.

1.2 In this Agreement, unless otherwise specified:

- (a) references to Clauses, paragraphs and Schedules are to Clauses and paragraphs of, and Schedules to, this Agreement;
- (b) references to any document in the **“Agreed Form”** means that (i) document in (subject to Clause 12.3) a form agreed by the Parties, as emailed by the Seller’s Solicitors to the Purchaser’s Solicitors at 12:56 on 8 September 2022 and confirmed as being so agreed by the Purchaser’s Solicitors by email at 13:21 on 8 September 2022 as that form may be amended by the written agreement of the Purchaser and the Seller from time to time prior to Completion;
- (c) the singular includes the plural and vice versa and use of any gender includes each gender;
- (d) a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified, re-enacted or replaced, except to the extent that any amendment, modification, re-enactment or replacement after the date of this Agreement would increase the liability of any Party under this Agreement;
- (e) references to a contract shall be constructed so as to include all amendments, amendment and restatements, supplements and other modifications to such contract;
- (f) references to a **“company”** shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established;
- (g) references to a **“person”** shall be construed so as to include any individual, person, firm, company, corporation, body corporate, government, state or agency of a state, local or municipal authority or Regulatory Authority or any joint venture, association or partnership (whether or not having separate legal personality);
- (h) the expressions, **“allotment”**, **“body corporate”**, **“debenture”**, **“financial year”**, **“holding company”**, **“holding undertaking”**, **“paid up”**, **“subsidiary”** and **“subsidiary undertaking”** shall have the meaning given in the Companies Act 2006;
- (i) any reference to a **“day”** (including the phrase **“Business Day”**) shall mean a period of 24 hours running from midnight to midnight;
- (j) references to times are to London time;

- (k) references to “**costs**” and/ or “**expenses**” incurred by a person shall not include any amount in respect of VAT comprised in such costs or expenses for which either that person or, if relevant, any other member of the VAT group to which that person belongs is entitled to credit, repayment or other Relief as input tax;
- (l) the expressions “**include**” and “**including**” are to be construed as being by way of illustration or emphasis only and are not to be construed so as to limit the generality of any words preceding them;
- (m) the expression “**to the extent that**” shall be read as meaning “if, but only to the extent that”;
- (n) references to writing shall include any modes of reproducing words in a legible and non-transitory form and whether sent or supplied by electronic mail;
- (o) references to the knowledge, belief or awareness of the Seller (or similar phrases) shall be limited to the actual knowledge of:
  - (i) Scott Kirk (CFO, Argo Group);
  - (ii) Allison Kiene (General Counsel, Argo Group);
  - (iii) Susan Comparato (Chief Administrative Officer, Argo Group);
  - (iv) Tobias Mills (Head of Compliance, Argo Group);
  - (v) Thomas McCartney (Group Head of Ceded Reinsurance, Argo Group);
  - (vi) Dominic Kirby (Managing Director, AMA);
  - (vii) Darren Argyle (Chief Financial Officer, Argo International);
  - (viii) Paul Lucas (Argo International Chief Actuary) (solely in respect of actuarial matters);

after due enquiry of their direct reports;
- (p) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official, or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English legal term;
- (q) each notice, demand, request, statement, instrument, certificate or other communication under or in connection with this Agreement shall be in English;
- (r) a reference to “**pounds**” or “**£**” shall be construed as a reference to the lawful currency for the time being of England and Wales;
- (s) a reference to “**dollars**” or “**\$**” shall be construed as a reference to the lawful currency for the time being of the United States of America;

- (t) all headings and titles are inserted for convenience only and are to be ignored in the interpretation of this Agreement; and
- (u) the Schedules form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement, and any reference to this Agreement shall include the Schedules.

## 2. **SALE AND PURCHASE**

- 2.1 On and subject to the terms and conditions of this Agreement, the Seller shall sell those Shares set against the Seller's name in Schedule 1 (*Shares*) on the basis that the same covenants shall be deemed to be given by the Seller at Completion in relation to the Shares as are implied under Part 1 of the Law of Property Miscellaneous Provisions Act 1994 where a disposition is expressed to be made with full title guarantee, and the Purchaser shall purchase the Shares, in each case together with all rights attached to them at Completion (including the right to receive all distributions and dividends declared, paid or made in respect of the Shares after Completion) and free from all Third Party Rights.
- 2.2 Neither of the Seller nor the Purchaser will be obliged to complete the sale and purchase of any Shares unless the sale and purchase of all of the Shares is completed simultaneously.

## 3. **CONDITIONS PRECEDENT TO COMPLETION**

### *The Conditions and responsibility for their satisfaction*

- 3.1 The sale and purchase of the Shares pursuant to this Agreement is in all respects conditional upon those matters listed in Schedule 2 (*Conditions to Completion*) (each a "**Condition**" and, together, the "**Conditions**").
- 3.2 Each of the Seller and the Purchaser undertakes to disclose in writing to the other anything which will or might reasonably be expected to prevent any of the Conditions from being fulfilled at or before 5.00 p.m. on the Long Stop Date within two (2) Business Days after it comes to their attention. Without prejudice to the generality of the foregoing, this includes disclosure of any indication that any Regulatory Authority may intend to withhold its approval of, or raise an objection to, or withdraw any licence or authorisation following, or impose a condition that would, if imposed, constitute a Burdensome Condition on or following, the sale and purchase of the Shares.

### *Regulatory consents*

- 3.3 The Purchaser undertakes to keep the Seller informed as to progress towards satisfaction of the Regulatory Conditions, as may be reasonably requested by the Seller, and undertakes to:
  - (a) use its best endeavours, and shall procure that all persons who will acquire control (as defined in Schedule 2) of AMA shall use their best endeavours to secure the satisfaction of the Conditions in paragraph 1.1 and 1.3 of Schedule 2 as soon as practicable and in any event by the Long Stop Date;



- (b) use its best endeavours, and shall procure that all persons who will acquire control (as defined in Schedule 2) of Argo Direct Limited shall use their best endeavours to secure the satisfaction of the Condition in paragraph 1.2 of Schedule 2 (*Conditions to Completion*) as soon as practicable and in any event by the Long Stop Date;
- (c) use its best endeavours, and shall procure that all persons who will acquire control (as defined in Schedule 2) of each Argo Corporate Member shall use their best endeavours to secure the satisfaction of the Condition in paragraph 1.3 of Schedule 2 (*Conditions to Completion*) as soon as practicable and in any event by the Long Stop Date;
- (d) use its best endeavours, and shall procure that all persons who will acquire control of ArgoGlobal Underwriting (Dubai) Limited shall use their best endeavours to secure the satisfaction of the Condition in paragraph 1.5 of Schedule 2 (*Conditions to Completion*) as soon as practicable and in any event by the Long Stop Date;
- (e) use its best endeavours to ensure that all relevant persons prepare and submit the notifications (including any business plan, schedules and other supplementary documentation to be appended thereto), at the Purchaser's own cost, to the FCA, the PRA, Lloyd's, and the DFSA and/or the MAS which are necessary to satisfy the Regulatory Conditions and (subject to any contrary request or direction of the PRA and/or the FCA (in the case of the Condition at paragraphs 1.1 and/or 1.2 of Schedule 2 (*Conditions to Completion*)) or the Lloyd's (in the case of the Conditions at paragraph 1.3 and 1.4 of Schedule 2 (*Conditions to Completion*)), or the DFSA (in the case of the Condition at paragraph 1.5 of Schedule 2 (*Conditions to Completion*)) by the date that is the later of the date that is:
  - (i) twenty (20) Business Days from the date of this Agreement; or
  - (ii) ten (10) Business Days from the date on which the Seller provides to the Purchaser all of the information in relation to the Target Group that is required by the Purchaser (acting reasonably) for this purpose;
- (f) notify the Seller (or advisers designated by the Seller), and to the extent permitted under Applicable Law provide copies of any material communications from any Regulatory Authority or other person in relation to obtaining any consent, approval or action required to effect the transactions contemplated hereby as soon as reasonably practicable;
- (g) to the extent permitted by Applicable Law provide the Seller (or advisers nominated by the Seller) with draft copies of all submissions and material communications to Regulatory Authorities in relation to obtaining any consent, approval or action at such time as will allow the Seller a reasonable opportunity to provide comments on such submissions and communications before they are submitted or sent and provide the Seller (or such nominated advisers) with copies of all such submissions and communications in the form submitted or sent;



- (h) unless otherwise agreed by the Parties, where reasonably requested by the Seller, and where permitted by the Regulatory Authority concerned, use reasonable endeavours to procure permission for the attendance of persons nominated by the Seller at all material meetings (other than non-substantive scheduling or administrative calls or telephone calls initiated by a Regulatory Authority and not scheduled in advance) with the applicable Regulatory Authority in connection with the Regulatory Conditions, provided that to the extent that a meeting with any Regulatory Authority involves any confidential and/or commercially sensitive information relating to the Purchaser or any other individual or entity involved in the filing (including, without limitation, plans with respect to the Target Companies), the Purchaser shall seek to arrange for two separate meetings to be held with such Regulatory Authority, as follows:
  - (i) the first meeting shall involve discussion of the said confidential and/or commercially sensitive information and shall be attended by the Purchaser only; and
  - (ii) the second meeting shall involve discussion of the status of the relevant Regulatory Conditions but shall not involve any discussion of the said confidential and/or commercially sensitive information and the Seller shall be permitted to attend;
- (i) use its best endeavours to ensure that the Seller is provided with such information and co-operation as is reasonably necessary for the purpose of making any submissions, requests, and other communications in connection with the Regulatory Conditions,

provided that notwithstanding anything to the contrary contained in this Agreement, none of the Purchaser nor any of the Purchaser's Group nor any other person acquiring control (within the meaning, in each case, of that term as set out in Schedule 2) of any Target Company shall, without prejudice to the Purchaser's obligations under Clause 3.4 below, be obligated to permit or suffer to exist any condition, limitation, restriction, or requirement of or imposed by a Regulatory Authority that, individually or in the aggregate with any other actions, conditions, limitations, restrictions or requirements of or imposed by any Regulatory Authority would result in a Burdensome Condition.

- 3.4 If either the Seller or the Purchaser becomes aware of any proposal by any Regulatory Authority to impose a condition in respect of any licence or authorisation or otherwise in respect of any Target Group Company that would, if imposed, constitute a Burdensome Condition, the Purchaser shall take all reasonable steps to avoid the imposition of such condition (or to alter or limit any condition actually imposed by such Regulatory Authority such that it does not constitute a Burdensome Condition) and the Seller shall and shall procure that each relevant member of the Seller's Group shall provide such reasonable assistance and cooperation to the Purchaser as reasonably required provided that, in each case, neither the Purchaser nor the Seller shall be required to take any action to avoid or mitigate a Burdensome Condition (or a proposal to any Regulatory Authority to impose a Burdensome Condition) if such action would, or would reasonably be expected to have, an adverse economic effect on such party.

3.5 The Seller undertakes to keep the Purchaser informed as to progress towards satisfaction of the BMA Condition, as may be reasonably requested by the Purchaser, and undertakes to:

- (a) use its best endeavours to secure the satisfaction of the Bermuda Condition as soon as practicable and in any event by the Long Stop Date;
- (b) use its best endeavours to prepare and submit the notifications (including any business plan, schedules and other supplementary documentation to be appended thereto), at the Seller's own cost, required by the BMA which are necessary to satisfy the BMA Condition and (subject to any contrary request or direction of the BMA) by the date that is twenty (20) Business Days from the date of this Agreement;
- (c) notify the Purchaser (or advisers designated by the Purchaser), and to the extent permitted under Applicable Law, provide copies of any material communications from the BMA or other person in relation to obtaining any consent, approval or action required to effect the BMA Condition;
- (d) to the extent permitted by Applicable Law, provide the Purchaser (or advisers nominated by the Purchaser) with draft copies of all submissions and material communications to the BMA in relation to obtaining any consent, approval or action at such time as will allow the Purchaser a reasonable opportunity to provide comments on such submissions and communications before they are submitted or sent and provide the Purchaser (or such nominated advisers) with copies of all such submissions and communications in the form submitted or sent;
- (e) unless otherwise agreed by the Parties, where reasonably requested by the Purchaser, and where permitted by the BMA, use reasonable endeavours to procure permission for the attendance of persons nominated by the Purchaser at all material meetings (other than non-substantive scheduling or administrative calls or telephone calls initiated by the BMA and not scheduled in advance) with the BMA in connection with the BMA Condition, provided that to the extent that a meeting with the BMA involves any confidential and/or commercially sensitive information relating to the Seller or any other individual or entity involved in the filing, the Seller shall seek to arrange for two separate meetings to be held with the BMA, as follows:
  - (i) the first meeting shall involve discussion of the said confidential and/or commercially sensitive information and shall be attended by members of the Seller's Group only; and
  - (ii) the second meeting shall involve discussion of the status of the BMA Condition but shall not involve any discussion of the said confidential and/or commercially sensitive information and the Purchaser shall, where permitted by the BMA as above, be permitted to attend,

for avoidance of doubt, neither the Purchaser nor any member of the Purchaser's Group shall be entitled to attend any BMA supervisory college meeting between any member of the Retained Group and the BMA; and

- (f) use its best endeavours to ensure that the Purchaser is provided with such information and co-operation as is reasonably necessary for the purpose of making any submissions, requests, and other communications in connection with the BMA Condition.
- 3.6 The Seller undertakes to keep the Purchaser informed as to progress towards satisfaction of the Conditions in paragraphs 2.2 to 2.6 of Schedule 2 (*Conditions to Completion*) and undertakes to use its best endeavours to procure the satisfaction of the Condition in paragraphs 2.2 to 2.6 of Schedule 2 as soon as practicable and in any event by the Long Stop Date.
- 3.7 The Seller shall use best endeavours (and shall procure that the other members of the Seller's Group use best endeavours) to provide the Purchaser and any other relevant member(s) of the Purchaser's Group with such information, access and cooperation (including from AMA for the purpose of the Purchaser making any regulatory notifications or other submissions in the context of the satisfaction of the Condition in paragraph 1.4 of Schedule 2) as is reasonably necessary for the purpose of making any regulatory notifications in connection with the Conditions in paragraphs 1.1 to 1.5 of Schedule 2 or with respect to any non-objection by the MAS in respect of the Purchaser (and any other person who will acquire control of ArgoGlobal Underwriting Asia Pacific Pte. Ltd. pursuant to this Agreement) acquiring control of ArgoGlobal Underwriting Asia Pacific Ptd. Ltd.
- 3.8 The Purchaser shall use best endeavours (and shall procure that the other members of the Purchaser's Group use best endeavours) to provide the Seller and any other relevant member(s) of the Seller's Group with such information as is reasonably necessary for the purpose of making any regulatory notifications in connection with the Conditions in paragraph 1.6 of Schedule 2.
- 3.9 In the event that the Seller or any member of the Seller's Group is required to make any regulatory notifications in connection with the sale and purchase of the Shares that are additional to those set out in paragraphs 1.1 to 1.5 of Schedule 2 (*Conditions to Completion*), the Purchaser shall use best endeavours (and shall procure that the other members of the Purchaser's Group use best endeavours) to provide the Seller and any other relevant member(s) of the Seller's Group with such information and co-operation as is reasonably necessary for that purpose.
- 3.10 In the event that the Purchaser or any member of the Purchaser's Group is required to make any regulatory notifications in connection with the sale and purchase of the Shares that are additional to those set out in paragraphs 1.1 to 1.5 of Schedule 2 (*Conditions to Completion*), the Seller shall use reasonable endeavours (and shall procure that the other members of the Seller's Group use reasonable endeavours) to provide the Purchaser and any other relevant member(s) of the Purchaser's Group with such information and co-operation as is reasonably necessary for that purpose.

*Information sharing*

- 3.11 Subject to Clause 28.3, nothing in Clauses 3.3 to 3.8 (inclusive) shall require any Party to share information with another Party that it determines (acting reasonably) is commercially sensitive or which is privileged or where such disclosure is likely to give rise to a breach of Applicable Law. This shall not, however, limit the sharing of relevant

commercially sensitive information to external legal counsel on an external-counsel-only basis. Where a Party determines that any such commercially sensitive information is not relevant and decides not to share such information with the other Party, the first mentioned Party shall provide the other Party with a description of the nature of such information.

*Other Conditions*

- 3.12 The Seller undertakes to use its (and procure that each member of the Seller's Group use their) best endeavours to ensure the satisfaction of paragraphs 2.1 to 2.6 of Schedule 2 (*Conditions to Completion*) as soon as practicable and in any event by the Long Stop Date.

*Waiver / non-fulfilment of the Conditions*

- 3.13 The Regulatory Conditions and the BMA Condition may only be waived, in whole or in part, by the written agreement of the Purchaser and the Seller.
- 3.14 The Conditions listed in paragraph 2.1 to 2.6 of Schedule 2 (*Conditions to Completion*) may be waived in whole or in part by the Purchaser.
- 3.15 If any of the Conditions are not fulfilled (or waived in accordance with Clauses 3.12 to 3.14) before 5.00 p.m. on the Long Stop Date then, unless otherwise agreed by the Purchaser and the Seller in writing, this Agreement shall automatically terminate at that time.
- 3.16 If this Agreement terminates in accordance with Clause 3.14, and without limiting any Party's right to claim damages, all obligations of the Parties under this Agreement, other than pursuant to the Surviving Clauses shall end but, for the avoidance of doubt, all rights and liabilities of the Parties which have accrued before termination shall continue to exist.

*Notification to Lloyd's Asia Administrator*

- 3.17 The Seller shall notify the Lloyd's Asia Administrator of the proposed change in the shareholding structure of ArgoGlobal Underwriting Asia Pacific Pte Ltd. resulting from the Transaction (the "**Lloyd's Asia Administrator Notice**") by the date that is twenty (20) Business Days from the date of this Agreement.
- 3.18 The Purchaser shall, and shall procure that each member of its Group shall, use its best endeavours to ensure that the Seller is provided with such information and co-operation as is reasonably necessary for the purpose of making any submissions, requests, and other communications in connection with the Lloyd's Asia Administrator Notice.

**4. CONDUCT OF THE TARGET GROUP'S BUSINESS BEFORE COMPLETION**

- 4.1 Subject to Clause 4.2, the Seller shall, except as may be approved by the Purchaser (such approval not to be unreasonably withheld, conditioned or delayed), procure in respect of the Target Companies that, between the date of this Agreement and Completion:

- (a) each Target Company will, in all material respects, carry on its business (including the business of Syndicate 1200) in a manner which is consistent with the practice of the previous 12 months (including processing and administering all claims in a timely manner) and in compliance with Applicable Law, insofar as the Seller reasonably understands such Applicable Law to apply as at the relevant time (provided that such reasonable understanding is consistent with the prevailing market practice at the relevant time of entities of a similar nature to the Target Company in the relevant territory with respect to the same Applicable Law); and
- (b) no relevant member of the Target Group will undertake any of the acts or matters listed in Schedule 7 (*Conduct of Target Group's Business Before Completion*).

4.2 Clause 4.1 shall not operate so as to restrict or prevent:

- (a) any member of the Target Group entering into or amending any contract or commitment which terminates or is terminable in accordance with its terms by written notice of 12 months or less and which is not material in relation to any member of the Target Group
- (b) subject to the Seller procuring that a representative nominated by the Purchaser shall be entitled to attend each of AMA's underwriting and reinsurance committees which may be a different representative in respect of each of the committees, any member of the Target Group entering into or amending any contract or commitment in respect of any (re)insurance contracts in the ordinary course of its business;
- (c) any matter reasonably undertaken by any member of the Target Group in the case of an emergency or disaster with the intention of and only to the extent of those matters required with a view to minimising any adverse effect of such situation (and of which the Purchaser will be promptly notified once the Seller is made aware of same and, in any event, within two (2) Business Days of the Seller becoming aware of same) and which the relevant Target Company considers reasonably necessary in the context of the emergency or disaster situation;
- (d) the termination of any Existing Intra-Group Agreement in accordance with Clause 14 (for the avoidance of doubt, excluding any Continuing Intra-Group Agreement);
- (e) the completion or performance of any obligation undertaken pursuant to any contract or arrangement entered into by or relating to any member of the Target Group prior to the date of this Agreement provided that, to the extent such contract or arrangement is a Material Contract, such Material Contract has been Disclosed in the Data Room;
- (f) any step reasonably taken by any Target Company or the Retained Group in accordance with the Migration Plan;

- (g) any step reasonably taken by any Target Company to effect the reinsurance to close of:
  - (i) the 2020 and prior years of account of Syndicate 1200; and/ or
  - (ii) the 2020 year of account of Syndicate 1910,
  - (iii) novation of the management of Syndicate 1910 and Syndicate 6117 to Ariel Re Managing Agency Limited,
- provided that, in each case, such action is taken in accordance with the terms of this Agreement;
- (h) any payment being made for or in respect of any Tax due and payable in accordance with Applicable Law;
  - (i) any filing in respect of any Tax being made to comply with any requirement of any Tax Authority;
  - (j) any matter expressly contemplated by the Share Purchase Documents or reasonably necessary to implement the transfer of the Shares to the Purchaser;
  - (k) any matter being undertaken by any member of the Target Group at the written request, or with the prior written consent, of the Purchaser; or
  - (l) any matter required in order to comply with Applicable Law by any member of the Target Group.

#### 4.3 Access

In the period from the date of this Agreement to the Completion Date, the Seller shall, to the extent permissible under Applicable Law, procure that the Purchaser and its Representatives are provided with such reasonable resources and assistance as may be necessary to prepare for the integration of the Target Companies into the Purchaser's Group, including but not limited to:

- (a) keeping the Purchaser reasonably informed of any material developments in the business and affairs of the Target Group as a whole;
- (b) giving the Purchaser reasonable advance notice of meetings of boards of directors of each Target Group Company and permitting a representative of the Purchaser to attend all meetings of the board of AMA and (on reasonable request each other Target Group Company), except in each case to the extent that any such meeting relates to Syndicate 1910; and
- (c) allowing the Purchaser's Representatives such access as is reasonably requested, upon reasonable notice and during Working Hours, to the books and records of each Target Company (including all statutory books, minute books, and leases) to the extent available.

#### 4.4 Information, Lloyd's Reporting, Correspondence with Regulatory Authorities and Senior Employees



- (a) In the period from the date of this Agreement to the Completion Date, the Seller shall, to the extent permissible under Applicable Law, procure that the Purchaser and its Representatives are provided with the following information to the extent such information has been produced and is available (and subject to redaction of any confidential and/or commercially sensitive information):
  - (i) the unaudited combined profit and loss accounts and balance sheet of the Target Group (if such profit and loss accounts and balance sheet are routinely produced by the Target Group), and the unaudited accounts for each of the Syndicates (if such unaudited accounts are routinely produced by each of the Syndicates), relating to each month during such period no later than the 28<sup>th</sup> day of the month following the month to which such accounts relate;
  - (ii) the unaudited combined profit and loss accounts, balance sheet and statement of cash flows of the Target Group and each of the Syndicates relating to each quarterly period during such period no later than five weeks following the last day of such quarterly period; and
  - (iii) any material correspondence with, and any material reports and submissions made to, the PRA, the FCA, Lloyd's, MAS, the BMA or the DFSA relating to any Target Company regulated thereby.
- (b) In the period from the date of this Agreement to the Completion Date, the Seller shall:
  - (i) provide to the Purchaser, to the extent produced and available, copies of:
    - (A) Quarterly Monitoring Returns ("QMR") as filed by AMA with Lloyd's no later than five (5) Business Days after such QMR is filed with Lloyd's;
    - (B) any material correspondence with, and any material reports and submissions made to Regulatory Authorities relating to any Target Company; and
    - (C) on a monthly basis, a *Divisional Summary* in a format substantially similar to the file located in folder 3.2.2.8 of the Data Room; and
  - (ii) use reasonable endeavours to ensure that the Purchaser shall have reasonable access to the executive officers of the Target Group (and/or the Retained Group), and that they shall make themselves available to discuss and respond to any reasonable queries of the Purchaser in relation to the business of the Target Group (including Syndicate 1200);
  - (iii) procure that the Purchaser and its advisers are given, upon reasonable notice to the Seller, and at the cost of the Purchaser, reasonable access to the Senior Employees of the Target Group for the purposes of agreeing retention arrangements with the Senior Employees of the Target Group which the Purchaser proposes to effect immediately following Completion.

- 4.5 Nothing in Clauses 4.5 to 4.6 (inclusive) shall require any Party to share information with another Party that it determines (acting reasonably) is commercially sensitive, which is privileged, that it determines (acting reasonably) to include personal information relating to any individual(s) or where such disclosure is likely to give rise to a breach of Applicable Law. This shall not, however, limit the sharing of relevant commercially sensitive information to external legal counsel on an external-counsel-only basis.
- 4.6 Go-forward Contracts and Third Party Consents
- (a) Subject to Clause 4.7, the Seller and the Purchaser shall agree prior to Completion a definitive version of the TSA, together with all documents required to be executed in connection with such agreement.
  - (b) The Seller shall, and shall procure that the Seller's Group shall, use reasonable endeavours to identify and obtain by Completion, all necessary Third Party Consents, including any that may be required by the terms of, or in order to provide the services contemplated by, the TSA, provided that: (i) upon the Seller's request, the Purchaser shall provide to the Seller such assistance as the Seller may reasonably require to obtain any Third Party Consent, including negotiating the terms of any Third Party Consent; and (ii) the costs and expenses incurred by the Seller in obtaining any Third Party Consent shall be borne equally between the Purchaser and the Seller (such costs and expenses, the "**Third Party Consent Costs**"). The Parties acknowledge and agree that, prior to obtaining any Third Party Consent, an estimate of the applicable Third Party Consent Costs shall be notified by the Seller to the Purchaser in writing, and the Purchaser shall have the option to decline in writing to make payment of its share of the Third Party Consent Costs and, if applicable, exclude the relevant Service(s) from the TSA.
- 4.7 Migration Plan and Services Schedule under the TSA
- (a) The Seller and Purchaser shall, and shall cause their respective Affiliates and Representatives to, as soon as reasonably practicable following the date of this Agreement, discuss in good faith and cooperate and use reasonable endeavours to develop, agree and implement a process and timetable for AUA's migration away from its use of the services under the TSA by implementing alternative internal services and processes (the "**Draft Migration Plan**").
  - (b) Notwithstanding the generality of Clause 4.7(a), and subject to Applicable Laws, each Party shall, and shall cause their respective Affiliates and Representatives to, use reasonable endeavours to review, revise and cooperate in good faith to finalise the Draft Migration Plan pursuant to Clause 7.2 of the TSA (such finalised plan, the "**Migration Plan**").
  - (c) The Seller and Purchaser shall, and shall cause their respective Affiliates and Representatives to, between the date of this Agreement and Completion, use all reasonable endeavours to work together in good faith to negotiate and complete the Services schedule under the TSA. The Parties agree that the finalised Service schedule under the TSA shall be exhaustive, other than those services identified



as Omitted Services, Ancillary Services and Excluded Services (as these terms are defined in the TSA), with:

- (i) a list of the Services as may be broken down by Service Category, other than those services identified as Omitted Services, Ancillary Services and Excluded Services (as these terms are defined in the TSA) to the extent that it is reasonably practicable to segregate them;
- (ii) service Term (as defined in the TSA) informed for each Service or Service Category; and
- (iii) any In-Flight Projects or planned projects as deemed necessary by Service Provider to effect the Migration Plan's implementation. Such dependent In-Flight Projects or planned projects shall be paid for pursuant to the applicable Service Charges (as these terms are defined in the TSA).
- (d) Promptly after the date of this Agreement, the Parties shall each appoint a representative (each, a **"TSA Representative"**) that has sufficient skill, knowledge and experience with respect to the services under the TSA and the requisite power and authority to act on behalf of that Party in respect of all matters relating to the preparation of the Migration Plan and the finalisation of the Services Schedule and the TSA which shall sit on the TSA forum (**"TSA Forum"**). Any matter that cannot be resolved by the TSA Representatives within thirty (30) days from the day on which first discussed by the TSA Representatives shall be referred to the TSA Forum. If the TSA Forum fails to resolve the matter within ten (10) Business Days after referral to the TSA Forum, this will become a dispute (**"Dispute"**) to be resolved in accordance with Clause 4.7(e) of this Agreement (the **"Dispute Resolution Procedure"**).
- (e) The Dispute shall, in the first instance, be referred to the Chief Financial Officer (representing Seller) and Jack Kuhn (representing the Purchaser) (each, a **"Senior Representative"**), who shall cooperate in good faith to resolve such Dispute within ten (10) Business Days of the referral (the **"Senior Representative Resolution Period"**). Either Party may replace its Senior Representative at any time by providing the other Party with prior written notice, such replacement to be effective immediately upon receipt of such notice.

#### 4.8 TPV/ PRI Claims Management Agreement and D&F/ Casualty Claims Management Agreement

- (a) The Seller and the Purchaser shall, and shall cause their respective Affiliates and Representatives to, between the date of this Agreement and Completion, use reasonable endeavours to work together in good faith to negotiate and finalise the TPV/ PRI Claims Management Agreement and the D&F/ Casualty Claims Management Agreement, in each case based on the terms of the TPV/ PRI Claims Management Agreement Principles and the D&F / Casualty Claims Management Agreement Principles respectively.

5. **CONSIDERATION**

5.1 The total consideration payable by the Purchaser to the Seller in connection with the sale of the Shares (the “**Consideration**”) shall be an amount in cash equal to the sum of the Base Consideration:

- (a) plus the amount (if any) by which the Completion Net Assets exceed the Base Net Assets; or
- (b) minus the amount (if any) by which the Completion Net Assets fall short of the Base Net Assets.

5.2 At Completion, the Purchaser shall pay to the Seller in cash an amount which is equal to the Base Consideration:

- (a) plus the amount (if any) by which the Estimated Completion Net Assets exceed the Base Net Assets; or
- (b) minus the amount (if any) by which the Estimated Completion Net Assets fall short of the Base Net Assets;

(the “**Completion Payment**”).

6. **COMPLETION**

6.1 Completion shall take place:

- (a) via the electronic exchange of documents and signatures by electronic mail in portable document format (.pdf) on the last Business Day of the calendar month, in which the last in time of the Conditions listed in Schedule 2 (*Conditions to Completion*) is fulfilled (or waived by the Purchaser and the Seller in accordance with Clauses 3.12 to 3.14), **PROVIDED THAT** if the date on which the last such Condition shall have been fulfilled or waived is less than five (5) Business Days before the last Business Day of that calendar month, then Completion shall take place on the last Business Day of the next following calendar month, or
- (b) in such other manner, at a location, at such other time and/or on such other date as the Seller and the Purchaser may in writing agree.

6.2 At Completion, the Seller shall do those things listed in Part A (*The Seller’s obligations*) of Schedule 3 (*Completion Arrangements*) and the Purchaser shall do those things listed in Part B (*Purchaser’s obligations*) of Schedule 3 (*Completion Arrangements*). Completion shall take place in accordance with Part C (*General*) of Schedule 3 (*Completion Arrangements*) (the “**Completion Obligations**”).

6.3 If the Seller (on the one hand) or the Purchaser (on the other) fails to comply with any Material Completion Obligation, then the other Party shall be entitled (in addition to and without prejudice to any other rights and remedies that may be available to that Party) by written notice to the Party in default on the date Completion would otherwise have taken place, to:

- (a) require Completion to take place so far as practicable having regard to the defaults which have occurred; or
  - (b) notify the Party in default of a new date for Completion (being not more than ten (10) Business Days after the original date for Completion) in which case the provisions of this Clause 6 (other than this Clause 6.3) and Schedule 3 (*Completion Arrangements*) shall apply to Completion as so deferred but on the basis that such deferral may only occur once.
- 6.4 If the Seller (on the one hand) or the Purchaser (on the other):
- (a) complies with all its Material Completion Obligations, but fails to comply with any Completion Obligation that is not a Material Completion Obligation; or
  - (b) fails to comply with any Material Completion Obligation, and the other Party exercises its rights under Clause 6.3(b) to require Completion to take place so far as practicable having regard to the defaults which have occurred,
  - (c) then the other Party shall be required to proceed to Completion and, to the extent that any such obligation is not complied with at Completion, the defaulting Party shall (without affecting any other rights and remedies available to the other Party) ensure that such obligation is fulfilled as soon as practicable following Completion.
- 6.5 If in accordance with clause 6.3(b), Completion is deferred and at such deferred Completion a Party fails to comply with its Material Completion Obligations, the non-defaulting Party shall have the right to terminate this Agreement by written notice to the other Party, in which event neither Party nor any of its Affiliates shall have any claim under this Agreement of any nature against the other Party or its Affiliates (except in respect of any rights and liabilities which have accrued before termination or under any of the Surviving Clauses). If this Agreement is so terminated, neither Party nor any of their Affiliates shall have any claim under this Agreement of any nature against the other Party or its Affiliates (except in respect of any rights and liabilities which have accrued before termination or under any of the Surviving Clauses).
- 6.6 The Seller shall procure that the Inter-Company Payables and Inter-Company Receivables will be settled at par (or as otherwise contemplated by the Share Purchase Documents) prior to Completion. Without limiting the foregoing, and without prejudice to any other rights which the Parties may have under this Agreement, to the extent that any Inter-Company Payable or Inter-Company Receivable remains outstanding at Completion, the Parties shall cooperate to procure the settlement of such Inter-Company Payable or Inter-Company Receivable as soon as practicable after Completion. Without prejudice to any other rights which the Parties may have under this Agreement or otherwise in respect of any Inter-Company Payables or Inter-Company Receivables (including the right to the payment of any such amounts), for the purposes only of preparing the Completion Balance Sheet, the Parties acknowledge and agree that any such Inter-Company Payable or Inter-Company Receivable that remains outstanding at Completion shall be deemed to have been settled immediately prior to Completion.

**7. COMPLETION BALANCE SHEET**

- 7.1 The Completion Balance Sheet and the Net Assets Statement shall be prepared and agreed or determined (as the case may be) in accordance with Schedule 11 (*Preparation of Completion Balance Sheet*).
- 7.2 Following agreement or determination of the Completion Balance Sheet and the Net Assets Statement, if the amount of the Completion Net Assets:
- (a) exceeds the Estimated Completion Net Assets, the Purchaser shall (subject to Clause 7.3) pay to the Seller on or before the Adjustment Date an amount equal to the excess; or
  - (b) is less than the Estimated Completion Net Assets, the Seller shall pay to the Purchaser on or before the Adjustment Date an amount equal to the shortfall.
- 7.3 Any payment due to the Purchaser under Clause 7.2 shall be made by electronic transfer to such account of the Purchaser as is notified to the Seller by the Purchaser no later than two (2) Business Days before the Adjustment Date.
- 7.4 Any payment due to the Seller under Clause 7.2 shall be made by electronic transfer to such account of the Seller as is notified to the Purchaser by the Seller no later than two (2) Business Days before the Adjustment Date.

**8. WARRANTIES AND INDEMNITIES**

- 8.1 Subject to Clauses 8.3 and to Clauses 10.1 to 10.4, 10.5 and 10.6:
- (a) the Seller warrants to the Purchaser that, each of the Warranties is accurate at the date of this Agreement; and
  - (b) immediately prior to Completion the Seller shall be deemed to warrant to the Purchaser that each of the Fundamental Warranties is accurate, by reference to the facts and circumstances then existing at that time, on the basis that any express or implied reference in such warranties to the date of this Agreement shall be substituted by a reference to the Completion Date.
- 8.2 The Seller undertakes to indemnify the Purchaser in respect of those matters set out in, and on and subject to the terms of, Schedule 17 (*Indemnities*), with effect from Completion.
- 8.3 Except in the case of fraud, wilful misconduct or fraudulent misrepresentation by the Seller, any member of Retained Group, or any of their respective Representatives the Purchaser acknowledges that it does not rely on and has not been induced to enter into this Agreement on the basis of any warranties, representations, covenants, undertakings, indemnities or other statements, other than to the extent expressly provided in this Agreement and the other Share Purchase Documents.

**9. TAX COVENANT**

- 9.1 The provisions of Schedule 15 shall have effect from Completion.

10. **SELLER'S LIMITATIONS ON LIABILITY**

*Maximum Liability*

- 10.1 The aggregate liability of the Seller in respect of all Warranty Claims shall not exceed:
- (a) in respect of any Fundamental Warranty Claims, an amount equal to the Consideration less any amounts recovered in respect of Fundamental Warranty Claims under the Warranty Insurance Policy; or
  - (b) in respect of any Non-Fundamental Warranty Claims, \$1.
- 10.2 Subject to Clause 10.4, the aggregate liability of the Seller in respect of all other Claims shall not exceed:
- (a) in respect of Tax Covenant Claims pursuant to Part B of Schedule 15 and subject to the limitations set out therein, an amount equal to the DTA Assumed Savings Amount;
  - (b) in respect of any Tax Covenant Claims pursuant to Part A of Schedule 15, \$1;
  - (c) in respect of all other Claims, an amount equal to the Consideration.
- 10.3 Subject to paragraph 11 of Schedule 5, but otherwise notwithstanding anything to the contrary in this Agreement, the Purchaser confirms that its sole recourse for any Claim against the Seller for any amount in excess of the limit of the liability set out in Clause 10.1(b) (any such amount being an “**Excess**”) shall be against the Warranty Insurance Policy and, accordingly, the Purchaser shall have no right to, and shall not initiate or pursue any claim, proceeding, suit or action against the Seller in respect of any Excess. The Purchaser acknowledges and agrees that it shall be fully liable for any retention amount under the Warranty Insurance Policy with respect to any Excess and, accordingly, the Seller shall not be liable for any such amount.
- 10.4 The aggregate liability of the Seller in respect of all Claims for which the Seller is liable (including, for the avoidance of doubt, all legal and other professional fees and expenses payable by the Seller in respect of all such Claims) shall not exceed an amount equal to the Consideration.

*Disclosure*

- 10.5 The Purchaser shall not be entitled to claim that any fact, matter or circumstance causes any of the Non-Fundamental Warranties to be breached if it has been Disclosed in the Disclosure Letter or in any document delivered with the Disclosure Letter.
- 10.6 The Purchaser shall not be entitled to claim that any fact, matter or circumstance causes any of the Fundamental Warranties to be breached if it has been Disclosed in (or, solely in respect of any reference to the Regulatory Conditions, pursuant to) the Disclosure Letter as a specific disclosure against the applicable Fundamental Warranty on the date of this Agreement.

*Recourse against certain Representatives*

- 10.7 The Purchaser undertakes and agrees that (except in the case of fraud or fraudulent misrepresentation by the Seller, any member of the Retained Group, or any of their respective Representatives) it has no rights against, and shall not make any claim against, any Representative of any member of the Retained Group or any Representative of any member of the Target Group on whom it may have relied before agreeing to any term of, or to any term of any agreement or document entered into pursuant to, this Agreement or any other Share Purchase Document or entering into this Agreement or any other Share Purchase Document.

*Applicability of Schedule 5 (Limitations on liability)*

- 10.8 The liability of the Seller, other than with respect to Indemnity Claims, is subject to the limitations set out in Schedule 5 (*Limitations on liability*), save that paragraphs 3, 4.1 and paragraph 7 of Schedule 5 (*Limitations on liability*) shall apply to Indemnity Claims.

**11. PURCHASER WARRANTIES**

- 11.1 The Purchaser warrants to the Seller that each of the Purchaser Warranties is accurate at the date of this Agreement. Immediately prior to Completion, the Purchaser shall be deemed to warrant to the Seller that each of the Purchaser Warranties is true, accurate and not misleading by reference to the facts and circumstances then existing at that time, on the basis that any express or implied reference in such warranties to the date of this Agreement shall be substituted by a reference to the Completion Date.

- 11.2 The liability of the Purchaser is subject to the limitations set out in Schedule 5 (*Limitations on liability*).

**12. FURTHER UNDERTAKINGS**

*Wrong pockets*

- 12.1 If, following Completion, any member of the Purchaser's Group becomes aware that it owns any property, asset or right which in the 12 months prior to Completion had been predominantly used in the businesses of the Retained Group, the Purchaser shall procure that such member of the Purchaser's Group shall immediately inform the Seller of that fact. Thereafter, at the request of the Seller, the Purchaser undertakes to execute and/ or procure that the relevant member of the Purchaser's Group executes such agreements or other documents as may be reasonably necessary to procure the transfer of any such property, asset or right to a member of the Retained Group nominated by the Seller, and the Seller shall each do all such things as are reasonably necessary to facilitate such transfer. Such property, asset or right shall be transferred for an amount equal to:
- (a) where such property, asset or right is material to the operation of the Target Business, including with respect to Syndicate 1200, the fair market value of such property, asset or right as at the Completion Date;
  - (b) in any other case, the book value of such property, asset or right as at the Completion Date,



in each case, which amount shall be paid by the relevant member of the Retained Group to the relevant member of the Purchaser's Group within ten (10) Business Days of the date of transfer of the property, asset or right.

- 12.2 If, following Completion, any member of the Retained Group becomes aware that it owns any property, asset or right which in the 12 months prior to Completion had been predominantly used in the businesses of the Target Group, the Seller shall procure that such member of the Retained Group shall immediately inform the Purchaser of that fact. Thereafter, at the request of the Purchaser, the Seller undertakes to execute and/or procure that the relevant member of the Retained Group executes such agreements or other documents as may be reasonably necessary to procure the transfer of any such property, asset or right to a member of the Purchaser's Group nominated by the Purchaser and the Purchaser shall do all such things as are reasonably necessary to facilitate such transfer. Such property, asset or right shall be transferred for an amount equal to:

- (a) where such property, asset or right is material to the operation of the business of the Retained Group, the fair market value of such property, asset or right as at the Completion Date;
- (b) in any other case, the book value of such property, asset or right as at the Completion Date,

in each case, which amount shall be paid by the relevant member of the Purchaser's Group to the relevant member of the Retained Group within ten (10) Business Days of the date of transfer of the property, asset or right.

*Finalisation of transaction documents*

- 12.3 The Parties agree that, in the case of any Agreed Form documents which are in a "heads of terms" or "substantive draft" format as at the date of this Agreement, they will work together in good faith between the date of this Agreement and Completion to develop and finalise full Agreed Form versions of such documents as soon as possible after the date of this Agreement.

*Purchaser's financial resources*

- 12.4 The Purchaser warrants and undertakes to the Seller that:
- (a) as at the date of this Agreement, there is cash or assets available to the Purchaser's Group sufficient to enable the Purchaser to fulfil its obligation to pay the Consideration and to replace FAL in accordance with Clause 12.12 (the "**Purchaser Funds**").
  - (b) there are no events or circumstances of which the Purchaser is aware as to why there should not continue to be Purchaser Funds until Completion; and
  - (c) the Purchaser will procure that, at or prior to Completion, it takes all steps necessary so as to ensure that the Purchaser is able to fulfil its obligation to pay the Consideration in accordance with the provisions of this Agreement.

*Co-operation*

12.5 Subject to Applicable Law and regulation, each Party undertakes to and agrees with the other Party that it shall, and shall procure that all other members of its Group shall, as well before as after Completion, provide the other Party with all such assistance (including access to and ensuring the provision and assistance by the Party's professional advisers), information and documentation as the other Party and their advisers may reasonably request in connection with:

- (a) the reinsurance to close of the 2020 and prior years of account of Syndicate 1200;
- (b) the reinsurance to close of the 2020 year of account of Syndicate 1910;
- (c) the novation of the management of Syndicate 1910 and Syndicate 6117 to Ariel Re Managing Agency Limited, and
- (d) the release of the 1910 Letter of Credit to the extent not released at or prior to Completion.

**("Cooperation Deliverables").**

12.6 The Seller undertakes and agrees with the Purchaser that:

- (a) with respect to the reinsurance to close contracts with respect to the 2020 and prior Years of Account of Syndicate 1200 and Syndicate 1910:
  - (i) the terms of such agreements shall comply with Applicable Law, including without limitation, the reinsurance to close contract requirements set out in Lloyd's Performance Management – Supplemental Requirements & Guidance (July 2020, or such version as is then in force at the date of execution of the agreement); and
  - (ii) [\*\*\*]
- (b) with respect to the proposed replacement of the excess of loss reinsurance contracts relating to Argo (No. 604) Limited's participation in Syndicate 1200 for the 2022 Year of Account and comprising part of the 2022 FAL provided to Lloyd's on behalf of Argo (No. 604) Limited (the "**2022 XOL Stack**") with excess of loss reinsurance contracts with respect to the 2023 Year of Account (the "**2023 XOL**");
  - (i) any such replacement contracts (and associated FAL providers deed) shall comply with Applicable Law;
  - (ii) [\*\*\*]
  - (iii) [\*\*\*]
  - (iv) [\*\*\*]



- (c) it shall, and shall procure that all other members of the Target Group and the Retained Group shall, as part of the process in respect of the Cooperation Deliverables, consult with the Purchaser and take account of the reasonable opinions of the Purchaser regarding the approach to and terms of the Cooperation Deliverables (including by providing the Purchaser with copies of the proposed agreements relating to the Cooperation Deliverables and taking account of the Purchaser's reasonable comments prior to executing such agreements).

*Lloyd's Syndicate Business Forecast*

- 12.7 Except to the extent prohibited by Applicable Law or by a relevant Regulatory Authority, the Seller shall and shall procure that AMA (and the other members of the Target Group and the Retained Group) shall, acting reasonably and in good faith, consult with, involve and take account of the reasonable views of the Purchaser (as its designated representatives) in preparing the 2023 Year of Account syndicate business forecast for Syndicate 1200 (including, without limitation, involving the Purchaser (and its designated representatives) in meetings and correspondence with Lloyd's).
- 12.8 The Seller shall and shall procure that AMA (and the other members of the Retained Group) shall not submit a 2023 Year of Account syndicate business forecast for Syndicate 1200 or otherwise act between the date of this Agreement and Completion such that it materially changes the level of FAL required to be provided with respect to the underwriting by Syndicate 1200, unless the Purchaser expressly agrees in writing.

*2023 Year of Account FAL*

- 12.9 The Parties acknowledge and agree that:
  - (a) [\*\*\*]
  - (b) if Completion does not occur prior to Coming into Line for the 2023 YOA, FAL in respect of Syndicate 1200 for the 2023 Year of Account will be required to be provided by the Seller Group; and
  - (c) the provision of FAL by the Purchaser in place of the Retained Group will follow as soon as reasonably practicable following Completion by the Purchaser replacing the Argo Group FAL.

12.10 [\*\*\*]

12.11 [\*\*\*]

12.12 [\*\*\*]

*Replacement of Argo Group FAL*

- 12.13 The Parties acknowledge and agree that the Purchaser shall be required to take all such reasonable actions within its power and control (as well before as after Completion) to ensure that, as soon as reasonably practicable after Completion, Lloyd's releases to the Seller:

- (a) that part of the Argo Group FAL provided to Lloyd's by ARL on behalf of Argo (No. 604) Limited (the "**Argo Cash FAL**"); and
  - (b) that part of the Argo Group FAL as is provided to Lloyd's in the form of a letter of credit or letters of credit on behalf of Argo (No. 604) Limited (the "**Argo 604 LOCs**").
- 12.14 To the extent that the Argo FAL is not released and/ or returned (as applicable) to the Seller by Lloyd's at or by the next applicable quarterly return date following Completion (or, if Completion occurs within 15 Business Days prior to a quarterly return date, at or by the next following quarterly return date) (the "**Reference FAL Release Date**") and to the extent that any such failure by Lloyd's to release and/ or return (as applicable) any such Argo FAL at or by the Reference FAL Release Date is as a result of the Purchaser, or any member of the Purchaser's Group (including, without limitation, Argo (604) Limited) failing to comply with its obligations pursuant to Clauses 12.13, 12.19 or otherwise to ensure that Argo (No. 604) Limited has sufficient FAL (when the Argo FAL is excluded) to meet any relevant requirement of Lloyd's or Applicable Law) the Purchaser shall:
- (a) where such FAL is Argo Cash FAL (the "**Held Back Argo Re FAL**"), pay to ARL an amount equal to the amount of such Held Back Argo Re FAL provided that ARL undertakes (on terms reasonably acceptable to the Purchaser) to: (i) assign all of its rights to the Held Back Argo Re FAL to the Purchaser and grants to the Purchaser a first priority security interest in the Held Back Argo Re FAL; (ii) hold any Held Back Argo Re FAL received by it in trust for the Purchaser; and (iii) promptly pay to the Purchaser any such Held Back Argo Re FAL released by Lloyd's and paid to ARL; and/ or
  - (b) where such FAL is any Argo 604 LOC (the "**Unreleased Argo 604 LOCs**"), indemnify each member of the Seller's Group for all reasonable costs and expenses including, for the avoidance of doubt, any fees charged in respect of each Unreleased Argo 604 LOC by the letter of credit provider, incurred with respect to Unreleased Argo 604 LOCs from the Reference FAL Release Date until such time as the relevant Unreleased Argo 604 LOC is released by Lloyd's.

Each Party undertakes to and agrees with the other Party that it shall, and shall procure that all other members of its Group shall, as well before as after Completion, provide the other Party with all such assistance (including access to and ensuring the provision and assistance by the Party's professional advisers), information and documentation as the other Party and their advisers may reasonably request in connection with the release and repayment to ARL of the Argo Cash FAL and release of the Argo 604 LOCs. The Purchaser shall inform the Seller as soon as practicable if notified by Lloyd's that the Argo FAL will not be released and/ or returned (as applicable) by Lloyd's by the Reference FAL Release Date.

- 12.15 Any payment due to any member of the Seller's Group under Clause 12.14 shall be made by electronic transfer to such account of the relevant member of the Seller's Group as is notified to the Purchaser by the Seller.
- 12.16 In any case, the Purchaser shall use reasonable endeavours to procure that any Argo Re FAL the subject of a Lloyd's Argo Group FAL Release that is returned or released (as

applicable) to Argo (No. 604) is returned to ARL within five Business Days of the relevant Lloyd's Argo Group FAL Release.

12.17 Without prejudice to the generality of Clause 12.13, the Parties shall, and shall procure that their Groups shall, cooperate with each other and, acting reasonably and in good faith, work together to:

- (a) provide to Lloyd's such information and documents as Lloyd's may require for the Purchaser Group to replace the Argo Group FAL as soon as reasonably practicable following Completion; and
- (b) [\*\*\*]

12.18 Where either:

- (a) any Argo Cash FAL following Completion but prior to the relevant Lloyd's Argo Group FAL release, is called upon to meet any Lloyd's Obligations, save in respect of any FAL provided as collateral pursuant to the D&F/Casualty Reinsurance Agreement; or
- (b) following Completion a Seller Group Company remains as guarantor of Argo (No. 604) Limited under the 2023 XOL (including in respect of any FAL providers deeds made in association therewith), or of any other constituent element of FAL provided in respect of Argo (No 604) Limited where the giving of such guarantee was given prior approval by the Purchaser, and such guarantee is called in respect of Argo (No. 604) Limited's obligations thereunder,

the Purchaser agrees to pay to the Seller an amount equal to any amount referred to in (a) or (b) above at the date of the next Lloyd's Argo Group FAL Release provided that it is acknowledged and agreed that the amount of Argo Group FAL shall be reduced by the amount called under (a) above and any payment by the Purchaser under (a) above shall reduce the amount of the Argo Group FAL that is the subject of the Purchaser's obligations under Clause 12.13.

12.19 The Seller acknowledges and agrees that Lloyd's main relationship is with the 2022 YOA Active Argo Corporate Members and the Seller shall (prior to Completion) facilitate the Parties, through the 2022 YOA Active Argo Corporate Members, liaising with Lloyd's regarding the replacement of the Argo Group FAL.

12.20 As soon as reasonably practicable following Completion:

- (a) the Parties shall provide (or shall procure that their respective Group provides) to Lloyd's such executed deeds and/or signed documents as Lloyd's may reasonably require with respect to the Argo Group FAL replacement process;
- (b) the Parties shall execute and deliver relevant FAL providers' deed(s) and obtain applicable Lloyd's comfort letters; and
- (c) the Purchaser shall procure the delivery to Lloyd's of cash, assets, letters of credit and/or guarantees in each case acceptable to Lloyd's as Funds at Lloyd's

in such amount as Lloyd's reasonably requires to release and replace the Argo Group FAL.

*Cessation of underwriting outside of deal perimeter*

12.21 [\*\*\*]

12.22 [\*\*\*]

*Cessation of Fronting Arrangements*

12.23 [\*\*\*]

*Regulatory approvals and notifications with regards to new appointments*

12.24 The Purchaser and the Seller shall (and the Seller shall procure that the Target Companies shall) collaborate in order to submit the relevant applications, obtain the relevant regulatory approvals and make the necessary notifications required under the Applicable Laws with regard to the appointments set out under paragraphs 1.9(a) and 1.10(a) of Part A of Schedule 3.

13. **RESTRICTIVE COVENANTS**

*Non-Solicitation*

13.1 Subject to Clause 13.2, the Seller undertakes to the Purchaser that it shall not, and shall procure that each of its Relevant Affiliates and their Representatives shall not, between the date of this Agreement and the Completion Date and during the period of two (2) years from the Completion Date, (i) hire, employ or otherwise engage; or (ii) directly or indirectly solicit or contact with a view to his or her engagement or employment by a member of the Retained Group, (a) any senior management-level employee of any Purchaser Group entity or (b) any employee of any Purchaser Group entity (including AUA) with whom the Seller or its Relevant Affiliates have had substantial contact in connection with the transactions contemplated by this Agreement, except to the extent expressly required or permitted by any Share Purchase Document.

13.2 Nothing contained in this Agreement shall preclude or restrict the Seller or its Relevant Affiliate from: (a) engaging in general solicitations, through third-party recruiters or otherwise, not directed at such employees described in Clause 13.1; (b) hiring, employing or otherwise engaging any person who has responded to a bona fide recruitment advertisement or other solicitation (whether through a recruitment agency or otherwise) not specifically targeted at such person; or (c) soliciting the services of any such person whose employment with the Purchaser's Group has been terminated for a period of at least six months prior to the first contact with such person.

*Non-Competition*

13.3 From the Completion Date until the second (2nd) anniversary of the Completion Date (the "**Non-Compete Period**"), the Seller agrees not to, and shall cause each of its Relevant Affiliates not to, directly or indirectly, solicit, induce or persuade or attempt to solicit, induce or persuade any Producer or other person through which Insurance

Contracts were written, marketed, produced, sold or solicited during the 12 months preceding the Completion Date to alter, terminate, restrict or avoid entering into any business relationship or dealings with the Purchaser or any of its Affiliates (including any Target Company after Completion).

- 13.4 During the Non-Compete Period, the Seller shall not, and shall cause each of its Relevant Affiliates not to, directly or indirectly, engage in a business that competes with the business of the Target Group as conducted as at the date of this Agreement (the “**Competing Business**”), save that any member of the Retained Group shall be entitled to provide FAL as part of a consortium at Lloyd’s in the ordinary course of business up to a limit of 20% of a Member’s FAL required to be provided with respect to the underwriting by that Member. Notwithstanding the foregoing, and without the implication that the following activities otherwise would be subject to the provisions of this Clause 13.4, nothing in this Agreement shall preclude, prohibit or restrict the Seller or any of its Relevant Affiliates from engaging, or require the Seller or any of its Relevant Affiliates not to engage, in any manner in any of the following:
- (a) making investments in the ordinary course of business, including in a general or separate account of an insurance company, directly or indirectly, in a person engaged in the Competing Business; provided, that each such investment is a passive investment of less than fifteen percent (15%) of the outstanding securities of such person and where neither the Seller nor any of its Relevant Affiliates has the ability to control any such entity;
  - (b) selling any of its assets or businesses to any person;
  - (c) acquiring, merging or combining with any business, person or assets that would otherwise violate the restrictions of this Clause 13.4 after the Completion Date (an “**After-Acquired Business**”) and following such acquisition, merger or combination, operating such After-Acquired Business; provided, that as of the date of such acquisition, merger or combination, the net operating revenue from such Competing Business constituted no more than fifteen percent (15%) of the total net operating revenue of such After-Acquired Business on a consolidated basis (measured in accordance with the accounting principles principally applicable to such After-Acquired Business) for the most recent fiscal year value; provided, further, that following such acquisition, merger or combination, no Competing Business undertaken by such After-Acquired Business shall represent, in any fiscal quarter during the three (3) year period following the Completion Date, more than fifteen percent (15%) of the net operating revenue on a consolidated basis of such After-Acquired Business; or
  - (d) those business lines set out in Schedule 16 (*Business Lines*) to the extent carried on by the Retained Group immediately prior to the date of this Agreement.

*General*

- 13.5 The Parties acknowledge and confirm that the provisions of Clauses 13.1 to 13.4 are reasonable in all the circumstances and any breach of Clauses 13.1 to 13.4 would have a material impact on the Purchaser’s Group (or the relevant member(s) of the Purchaser Group), and therefore the provisions of Clauses 13.1 to 13.4 are wholly reasonable as to scope, nature and duration to protect the legitimate interests of the Purchaser Group.

The Parties acknowledge that the acceptance of these provisions by the Seller is a material inducement for the Purchaser's entry into this Agreement.

- 13.6 Each covenant contained in Clauses 13.1 to 13.4 shall be construed as separate and severable and if any such covenant is held to be unenforceable in whole or part for any reason, the remaining covenants shall continue to bind Seller, and if such covenants would be valid if part of the wording thereof were deleted or the periods thereof reduced, the said restriction shall apply with such modifications as may be necessary to make them valid and effective.
- 13.7 The Parties acknowledge that damages may not be an adequate remedy for breach of Clauses 13.1 to 13.4, in which case the relevant Party may seek an injunction or such other equitable relief as a court of competent jurisdiction may see fit to award to enforce such covenants.

#### 14. TERMINATION OF INTRA-GROUP AGREEMENTS

- 14.1 It is each Party's intention that on or before the Completion Date all Existing Intra-Group Agreements, should be terminated.

- 14.2 Accordingly:

- (a) the Seller shall procure the termination of all Existing Intra-Group Agreements with effect from the Completion Date (or a date prior to the Completion Date as the Seller may deem fit, provided that such prior termination shall not have an adverse effect on any Target Company) without any break-fees or any other payments being payable on account of such termination by any Target Company;
- (b) to the extent that any Existing Intra-Group Agreement is found at any time after the Completion Date not to have been terminated in accordance with Clause 14.2(a) above (each such agreement being a "**Surviving Intra-Group Agreement**"):
  - (i) the Party becoming aware of the Surviving Intra-Group Agreement shall inform the other Party without delay;
  - (ii) the Purchaser shall procure that each relevant Target Company, as applicable shall, at the request of the Seller agree to the termination of any Surviving Intra-Group Agreement with effect from the Completion Date provided that (i) no break fees or any other payments are payable by any Target Company (as the case may be) on account of such termination, and (ii) the provisions of Clause 14.2(b)(iii) are reflected in any related termination agreement; and
  - (iii) the Seller shall, and shall procure that each member of the Seller's Group shall, agree to the termination of any Surviving Intra-Group Agreement as soon as practicable on the basis that (A) no break fees or any other payments are payable by any Target Company (as the case may be) on account of such termination, and (B) the provisions of Clause 14.2(b)(iii) are reflected in any related termination agreement.



For the avoidance of doubt, no action taken by the Seller pursuant to Clause 14.2(b) shall release Seller from its obligations set forth in Clause 14.2(a), and the Purchaser shall retain the right to enforce the rights and remedies otherwise available to the Purchaser under this Agreement in respect of any failure of Seller to comply with its obligations under Clause 14.2(a).

## 15. TERMINATION

- 15.1 Save as set out in Clauses 3.15, 6.5 and 15.2, and except in the case of repudiatory breach, fraud or fraudulent misrepresentation on the part of the other Party, no Party shall be entitled to terminate or rescind this Agreement in any circumstances whatsoever (whether before or after Completion).
- 15.2 The Purchaser may terminate this Agreement (other than the Surviving Clauses) by notice to the Seller if any of the Regulatory Conditions becomes impossible to satisfy before the Long Stop Date and, if it is a Regulatory Condition which can be waived by a party, has not been waived within five (5) Business Days of such Regulatory Condition becoming impossible to satisfy.
- 15.3 If the Purchaser terminates this Agreement under Clause 15.2, neither party shall have any claim of any nature against the other party under this Agreement (except in respect of any rights and liabilities which have accrued before termination or under any of the Surviving Clauses).
- 15.4 The Seller undertakes to disclose as soon as practicable to the Purchaser in writing any breach, matter, event, condition, circumstance, fact or omission of which any member of the Target Group and the Retained Group is or becomes aware that may give rise to a right of termination under Clause 15.2.

## 16. INTELLECTUAL PROPERTY AND BUSINESS INFORMATION

- 16.1 If a member of the Target Group owns on or after Completion any Intellectual Property or rights in Business Information which in the year prior to Completion related to the business of the Retained Group:
  - (a) To the extent that such Intellectual Property or rights in Business Information relate primarily to the business of the Retained Group (the “**Retained Group Shared IP**”),
    - (i) the Purchaser shall procure that such Retained Group Shared IP is transferred to the Seller or a company nominated by the Seller for nominal consideration as soon as practicable after becoming aware of the ownership of such rights and, pending such transfer, the Purchaser shall procure that the relevant member of the Target Group shall hold such Intellectual Property and/ or rights in Business Information on trust for the Seller.
    - (ii) The Seller (or the company nominated by the Seller in accordance with Clause 16.1(a)(i)) shall hereby grant to the Purchaser a non-exclusive, worldwide, perpetual, irrevocable, transferable, sublicensable, paid-up, and royalty-free right and licence to use and practice the Retained Group Shared IP solely in connection with the Target Business including with respect to Syndicate 1200,

as conducted as of Completion, and any natural or reasonably foreseeable expansions thereof. AUA shall cause its sublicensees to use reasonable care to maintain and protect the trade secrets included in the Retained Group Shared IP.

- (b) To the extent that such Intellectual Property or rights in Business Information do not relate predominantly to the business of the Retained Group, the Purchaser shall procure that the relevant Target Company shall grant, and does hereby grant on behalf of such member of the relevant Target Company, to the Seller a non-exclusive, worldwide, perpetual, irrevocable, transferable, sublicensable, paid-up, and royalty-free right and licence to use and practice such Intellectual Property or rights in Business Information solely in connection with the business of the Retained Group, as conducted as of Completion, and any natural or reasonably foreseeable expansions thereof. The Seller shall cause its sublicensees to use reasonable care to maintain and protect the trade secrets included in any such Intellectual Property or rights in Business Information.

16.2 Subject to Clause 16.3, if a member of the Retained Group owns on or after Completion any Intellectual Property or rights in Business Information which in the year prior to Completion related to the Target Business (including with respect to Syndicate 1200):

- (a) to extent that such Intellectual Property or rights in Business Information relate predominantly to the Target Business or to Syndicate 1200 (the “**Target Group Shared IP**”):
  - (i) the Seller shall procure that such Target Group Shared IP is transferred to AUA or a company nominated by the Purchaser for nominal consideration;
  - (ii) as soon as practicable after becoming aware of the ownership of such Target Group Shared IP and, pending such transfer, the Seller shall, or shall procure that the relevant member of the Retained Group (as applicable) shall, hold such Intellectual Property and/ or rights in Business Information on trust for AUA; and
  - (iii) the Purchaser shall procure that AUA (or company nominated by the Purchaser in accordance with Clause 16.2(a)(i)) hereby grant to the Seller a non-exclusive, worldwide, perpetual, irrevocable, transferable, sublicensable, paid-up and royalty-free right and licence to use and practice the Target Group Shared IP solely in connection with the business of the Retained Group, as conducted as of the Completion, and any natural or reasonably foreseeable expansions thereof. The Seller shall cause its sublicensees to use reasonable care to maintain and protect the trade secrets included in the Target Group Shared IP.
- (b) to extent that such Intellectual Property or rights in Business Information do not relate predominantly to the Target Business or to Syndicate 1200, the Seller shall procure that the relevant member of the Retained Group shall grant, and does hereby grant on behalf of such member of the relevant Target Company, to the Purchaser a non-exclusive, worldwide, perpetual, irrevocable, transferable, sublicensable, paid-up and royalty-free right and licence to use and practice such Intellectual Property or rights in Business Information, solely in connection with the Target Business or to Syndicate 1200, as applicable, as conducted as of the Completion, and any natural or reasonably foreseeable



expansions thereof. The Purchaser shall cause its sublicensees to use reasonable care to maintain and protect the trade secrets included in any such Intellectual Property or rights in Business Information.

- 16.3 The Purchaser hereby undertakes to the Seller to procure that by no later than ten (10) Business Days after Completion, the Target Companies shall pass all required resolutions to change their corporate name to a name which does not contain the name “Argo” or “Argo Group”. For the avoidance of doubt, the Seller hereby agrees that the Target Companies shall be entitled to use their existing corporate name pending such name change in accordance with this Clause 3.
- 16.4 Subject to Clause 3, the Purchaser acknowledges and agrees that nothing in this Agreement shall transfer or license, or shall operate as an agreement to transfer or license, any right, title or interest in or to the name “Argo” or “Argo Group” or any associated logo or device which the members of the Retained Group own or use, or any confusingly similar name or mark (the “Retained Group Marks”).
- 16.5 Subject to Clause 3, following Completion, the Purchaser shall not, and shall procure that no member of the Purchaser’s Group shall, hold itself out as being part of or in any way connected with either the Retained Group. Nothing in this Agreement shall require the Purchaser Group to cease its use of the Retained Group Marks in connection with the Target Business or Syndicate 1200: (a) in any non-trademark use that is factually accurate; (b) to convey to customers or the public that the Target Business or Syndicate 1200 is no longer associated with the Retained Group; (c) to reference historical details regarding the Target Business or Syndicate 1200; (d) in internal materials that were created prior to Completion; and (e) in any other manner that would not constitute infringement of the Retained Group Marks.

## 17. **INSURANCE**

- 17.1 The Purchaser acknowledges and agrees that the Seller shall be entitled to arrange for all insurance provided by the Retained Group in relation to any member of the Target Group (whether under policies maintained with third party insurers or other members of the Retained Group) to cease upon Completion.
- 17.2 With respect to events or circumstances relating to the Target Companies that occurred or existed prior to the Completion Date that are covered by occurrence-based or claims-made third-party insurance policies that run to the benefit of the Target Companies, the Parties acknowledge and agree that the Target Companies may make claims under such policies, and that the Seller and its Affiliates shall assist the applicable Target Company in making such claims as may reasonably be requested by the Purchaser or the applicable Target Company, at the Purchaser’s or applicable Target Company’s cost and expense (including providing reasonable access to information regarding such insurance policies and the claims previously made thereunder, including exposure, quantum of loss and policy information but without any obligation to provide any confidential or commercially sensitive information as to the events, circumstances or matters the subject of such previous claims); provided that the Target Companies shall not be permitted to make any such claims if, and to the extent that, such claims are covered by insurance policies sponsored by the Purchaser or any of its Affiliates (including, after Completion, the Target Companies). Any claim recovery proceeds received by the Seller or any of its Affiliates from its insurers after Completion for

third-party claims under such third-party insurance policies with respect to losses resulting from such occurrences occurring prior to the Completion Date in respect of the Target Companies shall be for the benefit of the Purchaser.

18. **EMPLOYEES**

18.1 The provisions in Schedule 8 (*Employment*) shall apply in relation to the Employees.

19. **REINSURANCE PROTOCOLS**

19.1 Each Party shall comply with the provisions of Schedule 14 (*Reinsurance Protocols*).

20. **ACCESS**

20.1 The Purchaser acknowledges that the Seller and each other member of the Retained Group may need access from time to time after Completion, where required by Tax Authorities or Regulatory Authorities or where required for the preparation of accounts in relation to the Seller's previous direct or indirect ownership of any member of the Target Group ("**Permitted Purposes**"), to information held by a Target Group Company to the extent such records and information pertain to events occurring prior to Completion, and accordingly the Purchaser agrees that it shall cause each Target Company to:

- (a) properly retain and maintain such records until the date that is seven (7) years after Completion; and
- (b) upon being given reasonable notice by the Seller and subject to the Seller giving such undertaking as to confidentiality and reasonable use as the Purchaser shall reasonably require, to allow such Seller and other members of the Seller's Group and their respective directors, officers, employees, agents, auditors and representatives to inspect, review and, at the cost of such Seller make copies of such records and information for and only to the extent necessary for such Permitted Purposes.

21. **EFFECT OF COMPLETION**

Any provision of this Agreement and any other document referred to in it that is capable of being performed after but which has not been performed at or before Completion and all warranties, indemnities and covenants and other undertakings contained in or entered into pursuant to this Agreement shall remain in full force and effect notwithstanding Completion.

22. **REMEDIES AND WAIVERS**

22.1 Except as provided in Schedule 5 (*Limitations on liability*), no delay or omission by any Party to this Agreement in exercising any right, power or remedy provided by law or under this Agreement or any other documents referred to in it shall:

- (a) affect that right, power or remedy; or
- (b) operate as a waiver of it.

22.2 The single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not, unless otherwise expressly stated, preclude any other or further exercise of it or the exercise of any other right, power or remedy.

23. **ASSIGNMENT**

23.1 Subject to the other provisions of this Clause 23 (*Assignment*), this Agreement will be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the Parties.

23.2 No Party shall, without the prior written consent of the other Party:

- (a) assign, or purport to assign, whether by operation of law or otherwise, all or any part of the benefit of, or its rights or benefits under, this Agreement (together with any causes of action arising in connection with it);
- (b) make a declaration of trust in respect of or enter into any arrangement whereby it agrees to hold in trust for any other person all or any part of the benefit of, or its rights or benefits under, this Agreement; or
- (c) sub-contract or enter into any arrangement whereby another person is to perform any or all of its obligations under this Agreement.

23.3 Any attempted or purported assignment, declaration of trust, sub-contract or other transfer in violation of this Clause 23 (*Assignment*) shall be void *ab initio*.

24. **FURTHER ASSURANCE**

Each Party, on being reasonably required to do so by the other Party and at the expense of the requesting Party, shall (insofar as it is able to do so) do or procure the doing of all acts and/ or execute or procure the execution of all documents as the other Party may reasonably consider necessary to implement and give effect to this Agreement and to secure to each of the Parties the full benefit of the rights, powers and remedies conferred upon them under this Agreement.

25. **ENTIRE AGREEMENT**

25.1 The Share Purchase Documents constitute the whole and only agreement between the Parties relating to the sale and purchase of the Shares.

25.2 Each Party acknowledges and agrees that:

- (a) in entering into any of the Share Purchase Documents on or after the date of this Agreement it is not relying upon any pre-contractual statement which is not expressly repeated in the Share Purchase Documents;
- (b) it shall have no right of action against the other Party arising out of or in connection with any pre-contractual statement except to the extent that it is expressly repeated in this Agreement;
- (c) except as otherwise expressly provided for in the Share Purchase Documents, its only right or remedy in connection with this Agreement or any other Share

Purchase Documents shall be for breach of this Agreement or the relevant Share Purchase Documents));

- (d) except as otherwise expressly set out in this Agreement, all warranties implied by law in any jurisdiction (whether by statute, or otherwise) in relation to the sale of the Shares are excluded to the fullest extent permitted by law or, if incapable of exclusion, any rights or remedies in relation to them are irrevocably waived; and
- (e) nothing in this Clause 25.2 shall exclude or limit any liability for fraud or fraudulent misrepresentation or, in respect of Clause 25.2(a) and (b) only, wilful misconduct.

- 25.3 For the purposes of this Clause 25 (*Entire agreement*), “**pre-contractual statement**” means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of the Share Purchase Documents made or given by any person at any time prior to the date of this Agreement.
- 25.4 If there is any conflict between the terms of this Agreement and any other Share Purchase Documents, this Agreement shall, save as expressly provided otherwise in such Share Purchase Documents, prevail (as between the Parties to this Agreement and as between any members of the Seller’s Group on the one hand and any members of the Purchaser’s Group on the other).
- 25.5 No variation of this Agreement shall be effective unless it is in writing (which, for this purpose, does not include email) and signed by or on behalf of each of the Parties. For this purpose, a variation to this Agreement shall include any addition, deletion, modification, supplement or replacement, however effected.

## 26. NOTICES

- 26.1 Except where expressly stated otherwise, a notice under this Agreement shall only be effective if it is in writing. Email is permitted.
- 26.2 Notices under this Agreement shall be sent to a Party at its address and for the attention of the individual set out below:

Party and title of individual	Address	For the attention of	Email address(es)
<b>Seller</b>	90 Pitts Bay Rd. Pembroke Bermuda HM08	Scott Kirk	Scott.Kirk@argolimited.com
		Allison Kiene	allison.kiene@argogroupus.com
<b>Purchaser</b>	1 Park Circle   Westfield Center OH 44251	Frank A. Carrino	FrankCarrino@westfieldgrp.com
with a copy (which shall not constitute notice) to:			
	Sidley Austin LLP One South Dearborn, Chicago IL 60603	Perry Shwachman	pshwachman@sidley.com
		Sean Carney	scarney@sidley.com
		James Phythian-Adams	jphythianadams@sidley.com

**PROVIDED THAT** a Party may change its notice details on giving notice to the other Party of the change in accordance with this Clause 26 (*Notices*). That notice shall only be effective on the day falling five (5) clear Business Days after the notification has been received or such later date as may be specified in the notice.

- 26.3 Any notice given under this Agreement shall, in the absence of earlier receipt, be deemed to have been duly given as follows:
- (a) if delivered personally, on delivery;
  - (b) if sent by first class inland post, two (2) clear Business Days after the date of posting;
  - (c) if set by airmail, six (6) clear Business Days after the date of posting; and
  - (d) if sent by email, when sent provided no error message is received by the sender.
- 26.4 Any notice given under this Agreement outside Working Hours in the place to which it is addressed shall be deemed not to have been given until the start of the next period of Working Hours in such place.
- 26.5 The provisions of this Clause 26 (*Notices*) shall not apply in relation to the service of Service Documents.

27. **ANNOUNCEMENTS**

27.1 No announcement concerning the sale of the Shares or any ancillary matter shall be made by any Party without the prior written approval of the other Party (such approval not to be unreasonably withheld, conditioned or delayed). This Clause 27.1 does not apply in the circumstances described in Clause 27.2.

27.2 A Party may make an announcement concerning the sale of the Shares or any ancillary matter if required by:

- (a) Applicable Law;
- (b) any securities exchange or Regulatory Authority or any Tax Authority to which that Party is subject or submits, wherever situated, including the PRA, FCA and/or the Council of Lloyd's whether or not the requirement has the force of law,

in which case (where reasonably practicable and not otherwise prohibited by Applicable Law) the Party concerned shall take all such steps as may be reasonable and practicable in the circumstances to agree the contents of the announcement with the other Party before making the announcement.

27.3 The restrictions contained in this Clause 27 (*Announcements*) shall continue to apply after Completion or the termination of this Agreement without limit in time.

28. **CONFIDENTIALITY**

28.1 Subject to Clause 27 (*Announcements*) and Clause 28.2:

- (a) **each Party** shall treat as confidential and not disclose or use any information received or obtained as a result of entering into or performing the Share Purchase Documents which relates to:
  - (i) the provisions of this Agreement; or
  - (ii) the negotiations relating to this Agreement;
- (b) **the Purchaser** shall treat, and shall procure that each member of the Purchaser's Group shall treat, as confidential and not disclose or use any information concerning any member of the Retained Group (and, prior to Completion, the Target Group) obtained or received as a result of the negotiation and entering into of the Share Purchase Documents; and
- (c) **the Seller** shall treat, and shall procure that each member of the Retained Group shall treat, as confidential and not disclose or use any information obtained or received concerning any member of the Purchaser's Group or the Target Group, including as a result of the negotiation and entering into of the Share Purchase Documents.

28.2 Notwithstanding the provisions of Clause 28.1, a Party may disclose or use any such confidential information if and to the extent:

- (a) required by Applicable Law of any relevant jurisdiction or for the purposes of any Proceedings;
- (b) required by any securities exchange or Regulatory Authority, Competition Authority or any Tax Authority to which that Party is subject or submits, wherever situated, including the FCA, the PRA and/or the Council of Lloyd's, whether or not the requirement for information has the force of law;
- (c) required to vest the full benefit of any Share Purchase Document in that Party;
- (d) where permitted by the Regulatory Authority concerned, permit authorised representatives of the other Party to be present at each meeting, conference or telephone/ video call, to make oral submissions at such meetings, and to have access to and be consulted in connection with any document, opinion or proposal made or submitted to any Regulatory Authority in connection with such request or proceeding;
- (e) the disclosure is made to the debt financiers (or potential debt financiers) of that Party on a need to know basis and provided they have a duty or a contractual obligation to keep such information confidential on a no less onerous basis than the provisions of this Agreement or otherwise on a basis consistent with applicable market practice;
- (f) the information has come into the public domain through no fault of that Party;
- (g) for the purpose of arranging insurance cover in relation to the Target Group Companies on and from Completion, **PROVIDED THAT** the recipients have a duty or a contractual obligation to keep such information confidential on a no less onerous basis than the provisions of this Agreement;
- (h) the disclosure is to a Tax Authority and is reasonably required for the purpose of dealing with (in the case of a disclosure by the Purchaser) the Tax affairs of any member of the Purchaser's Group or (in the case of a disclosure by the Seller) the Tax affairs of any member of the Seller's Group; or
- (i) the other Party has given prior written consent to the disclosure (such consent not to be unreasonably withheld, conditioned or delayed),

**PROVIDED THAT** any such information disclosed pursuant to Clause 28.2(a) or 28.2(b) shall be disclosed (where reasonably practicable and not otherwise prohibited by Applicable Law) only after notice has been given to the other Party of such requirement with a view to providing the other Party with the opportunity to contest such disclosure or use or otherwise agreeing the content and timing of such disclosure.

- 28.3 Where any obligation on the Purchaser (including in relation to any other member of the Purchaser's Group) or the Seller (including in relation to any other member of the Seller's Group) to provide information or assistance pursuant to this Agreement is subject to confidentiality restrictions agreed with the relevant Regulatory Authority or any other relevant person, or pursuant to Applicable Law or legal or other professional privilege, the Purchaser shall (and shall procure that the relevant member of the Purchaser's Group shall) seek to provide such information as necessary or the Seller



shall (and shall procure that the relevant member of the Seller's Group) shall seek to provide such information as necessary to comply with its obligations under this Agreement by:

- (a) using its reasonable endeavours to obtain the consent of the relevant Regulatory Authority or other relevant person to provision of the information or assistance; and
- (b) agreeing to provide privileged material to the relevant person, **PROVIDED THAT** that person has entered into an undertaking on terms acceptable to the provider relating to the terms on which it will receive and hold such information so as to not lose the benefit of the privilege.

28.4 The Confidentiality Agreement shall continue in full force and effect notwithstanding execution of this Agreement and shall terminate on Completion without prejudice to any accrued rights and liabilities.

28.5 The restrictions contained in this Clause 28 (*Confidentiality*) shall continue to apply after Completion or the termination of this Agreement without limit in time.

## 29. **COSTS, EXPENSES AND PAYMENTS**

29.1 Except as otherwise stated in this Agreement or the other Share Purchase Documents, each Party shall pay its own costs and expenses in relation to the negotiations leading up to the sale and purchase of the Shares and the preparation, execution and carrying into effect of this Agreement and the other Share Purchase Documents.

29.2 All stamp, transfer, registration and other similar taxes, duties and charges (including any notaries' fees) payable in connection with the transfer of the Shares under this Agreement shall be paid by the Purchaser.

29.3 Unless otherwise expressly provided, if anything done under this Agreement is a supply or service on which VAT is chargeable, the recipient of that supply or service shall pay to the maker of it (in addition to any other amounts payable under this Agreement) an amount equal to any VAT so chargeable for which the maker of the supply or service is liable to account (or, where any reverse charge VAT applies, the recipient shall duly and timely account for the same).

29.4 All payments made under this Agreement or other Share Purchase Document shall be made gross, free and clear of any right of counterclaim or set-off and without deduction of any kind other than any deduction or withholding required by law. If any deduction or withholding is required by law to be made from any sum payable by the Seller to the Purchaser in respect of any Indemnity Claims or Tax Covenant Claims pursuant to Part B of Schedule 15 (taking into account the limitations contained in Clause 10), the Seller shall pay such additional amount as shall be required to ensure that the net amount received and retained by the Purchaser will equal the full amount that would have been received by it if no such deduction or withholding had been required. Where any payment is made to the Purchaser by the Seller in respect of any Indemnity Claims or Tax Covenant Claims pursuant to Part B of Schedule 15 and that sum is subject to a charge to Taxation in the hands of the Purchaser, the sum payable shall be increased to such sum as will ensure that after payment of such Taxation the Purchaser shall be left



with a sum equal to the sum that it would have received in the absence of such a charge to Taxation. The obligation of the Seller to pay any additional or increased amount shall not apply where the Purchaser has assigned, disposed, novated or otherwise transferred its rights under this Agreement to another person.

- 29.5 Any amount paid by the Seller to the Purchaser or by the Purchaser to the Seller in respect of any claim for breach of this Agreement or pursuant to any indemnity shall, so far as is possible, be treated as an adjustment to the Consideration, to the extent that such adjustment would not result in the Consideration being less than nil.

30. **COUNTERPARTS**

- 30.1 This Agreement may be executed in any number of counterparts, and by the Parties to it on separate counterparts, but shall not be effective until each Party has executed at least one counterpart.

- 30.2 Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute one and the same instrument. Email transmissions of .pdf signatures or other electronic copies of signatures shall be deemed to be originals.

31. **INVALIDITY**

If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (b) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

32. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

- 32.1 Each of Clause 10.7 Clause 12.14 and Clause 12.15, (the “**Third Party Rights Clauses**”) confer a benefit on certain persons named therein who are not a party to this Agreement (each for the purposes of this Clause 32, a “**Third Party Beneficiary**”) and, subject to the remaining provisions of this Clause 32, are intended to be enforceable by the Third Party Beneficiaries by virtue of the Contracts (Rights of Third Parties) Act 1999.

- 32.2 The Parties to this Agreement do not intend that any term of this Agreement, apart from the Third Party Rights Clauses, should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a Party to this Agreement. Notwithstanding the provisions of Clause 32, this Agreement may be rescinded or varied in any way and at any time by the Parties to this Agreement without the consent of any Third Party Beneficiary.

- 32.3 Notwithstanding Clause 32.1, no person who is a Third Party Beneficiary in respect of Clause 10.7 may enforce, or take any step to enforce, the Third Party Rights Clause

without the prior written consent of the Seller, which may, if given, be given on and subject to such terms as the Seller may determine.

**33. INTEREST**

If any sum due for payment under this Agreement is not paid on the due date for payment, then, without prejudice to any other remedy of the Party under this Agreement or as provided by Applicable Law, the Party in default shall pay interest on that unpaid sum from the due date until and including the date of actual payment calculated on a daily basis and compounded monthly at a rate equal to the aggregate of two (2) per cent. per annum above the base rate of Barclays Bank plc for the time being unless expressly provided to the contrary in this Agreement.

**34. CHOICE OF GOVERNING LAW**

This Agreement is governed by and shall be construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.

**35. JURISDICTION**

35.1 The courts of England are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, arising out of or in connection with this Agreement. Any Proceedings shall be brought only in the courts of England.

35.2 Each Party waives (and agrees not to raise) any objection, on the grounds of *forum non conveniens* or any other ground, to the taking of Proceedings in the courts of England. Each Party also agrees that a judgment against it in Proceedings brought in England shall be conclusive and binding upon it and may be enforced in any other jurisdiction.

35.3 Each Party irrevocably submits and agrees to submit to the jurisdiction of the courts of England.

**36. AGENT FOR SERVICE (PURCHASER)**

36.1 The Purchaser irrevocably appoints Law Debenture Corporate Services Limited of 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom to be its agent for the receipt of Service Documents. The Purchaser agrees that any Service Document may be effectively served on it in connection with Proceedings in England and Wales by service on its agent effected in any manner permitted by the Civil Procedure Rules.

36.2 If the agent at any time during the period of 7 years following the date of this Agreement, ceases for any reason to act as such, the Purchaser shall appoint a replacement agent having an address for service in England or Wales and shall notify the Seller of the name and address of the replacement agent. Failing such appointment and notification, the Seller shall be entitled by notice to the Purchaser to appoint a replacement agent to act on behalf of the Purchaser. The provisions of this Clause 36 applying to service on an agent apply equally to service on a replacement agent.

36.3 A copy of any Service Document served on an agent shall be sent by post to the Purchaser. Failure or delay in doing so shall not prejudice the effectiveness of service of the Service Document.

**37. AGENT FOR SERVICE (SELLER)**

37.1 The Seller irrevocably appoints Law Debenture Corporate Services Limited of 8<sup>th</sup> Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom to be its agent for the receipt of Service Documents. The Seller agrees that any Service Document may be effectively served on it in connection with Proceedings in England and Wales by service on its agent effected in any manner permitted by the Civil Procedure Rules.

37.2 If the agent at any time during the period of 7 years following the date of this Agreement, ceases for any reason to act as such, the Seller shall appoint a replacement agent having an address for service in England or Wales and shall notify the Purchaser of the name and address of the replacement agent. Failing such appointment and notification, the Purchaser shall be entitled by notice to the Seller to appoint a replacement agent to act on behalf of the Seller. The provisions of this Clause 36 applying to service on an agent apply equally to service on a replacement agent.

37.3 A copy of any Service Document served on an agent shall be sent by post to the Purchaser. Failure or delay in doing so shall not prejudice the effectiveness of service of the Service Document.

## **SCHEDULE 1**

### **(SHARES)**

<b>Seller</b>	<b>Shares owned</b>
Argo International Holdings Limited	87,824,146 Ordinary Shares of £0.10 each in AUA

## SCHEDULE 2

### (CONDITIONS TO COMPLETION)

#### 1. REGULATORY CONSENTS & NOTIFICATIONS

- 1.1 Receipt by the Purchaser of written notice from the PRA in accordance with either section 189(4)(a) or section 189(7) of FSMA that it approves the Purchaser and any other person acquiring control (within the meaning of section 181 of FSMA) of AMA pursuant to this Agreement, or in the absence of such notice, the PRA being treated, under section 189(6), as having approved the acquisition of control of AMA by the Purchaser and any other person acquiring control of AMA;
- 1.2 Receipt by the Purchaser of written notice from the FCA in accordance with either section 189(4)(a) or section 189(7) FSMA that it approves the Purchaser and any other person acquiring control (within the meaning of section 181 of FSMA) of Argo Direct Limited pursuant to this Agreement, or in the absence of such notice, the FCA being treated, under section 189(6) of FSMA, as having approved the acquisition of control of Argo Direct by the Purchaser and any other person acquiring control of Argo Direct Limited;
- 1.3 Lloyd's having given written notice in accordance with paragraph 12 of the Membership Byelaw (No 5 of 2005) that it consents or has no objection to the Purchaser and any other person acquiring control of each Argo Corporate Member pursuant to this Agreement (and in this paragraph 1.3 the word "**control**" shall have the meaning given to that expression in the Definitions Byelaw (No 7 of 2005)).
- 1.4 In accordance with paragraph 43 of the Underwriting Byelaw (No. 2 of 2003) that it consents or has no objection to the Purchaser or any other person acquiring control of AMA pursuant to this Agreement (and in this paragraph 1.4 the word "**control**" shall have the meaning given to that expression in the Definitions Byelaw (No 7 of 2005)).
- 1.5 Written approval or non-objection as required and allowed for under Applicable Law from the DFSA approving the Purchaser (and any other person who will acquire control of ArgoGlobal Underwriting (Dubai) Limited pursuant to this Agreement) acquiring control of ArgoGlobal Underwriting (Dubai) Limited.
- 1.6 The Seller shall have filed a notification of the Transaction with the Bermuda Monetary Authority (the "**BMA**") pursuant to the Insurance Act 1978, as amended, and its related regulations (the "**Insurance Act**") and received a "no-objection" response from the BMA in respect of the Transaction or the statutory time period under the Insurance Act for an objection from the BMA shall have elapsed.

#### 2. OTHER CONDITIONS TO CLOSING

- 2.1 The Fundamental Warranties shall be true and correct in all respects as of the date of this Agreement and as of Completion as if made at Completion. (b) the Non-Fundamental Warranties shall be true and correct (without giving effect to any limitations as to materiality set forth therein) as of the date of this Agreement and as of Completion as if made at Completion, except where the failure of the Non-Fundamental

Warranties, individually or in the aggregate, to be true and correct has not had, and would not reasonably be expected to have a Material Adverse Effect on the Target Group as a whole.

2.2 [\*\*\*]

2.3 [\*\*\*]

2.4 [\*\*\*]

2.5 [\*\*\*]

2.6 There being no fact, matter or circumstance subsisting as at Completion that has had or would be reasonably expected to have a Material Adverse Effect.

### SCHEDULE 3

#### (COMPLETION ARRANGEMENTS)

##### PART A (THE SELLER'S OBLIGATIONS)

1. **At Completion:**

1.1 the Seller shall deliver to the Purchaser or the Purchaser's Solicitors:

- (a) duly executed transfers in respect of those Shares set against its name in Schedule 1 (*Shares*) in favour of the Purchaser or such person as the Purchaser may nominate and share certificates for such Shares in the name of the relevant transferor (or an express indemnity in a form reasonably satisfactory to the Purchaser, in the case of any found to be missing) and any power of attorney under which any transfer is executed on behalf of the Seller or any nominee;
- (b) such waivers or consents as are necessary to enable the Purchaser or its nominees to be registered as holders of the relevant Shares;
- (c) an irrevocable power of attorney in the Agreed Form from the Seller to allow the Purchaser or any nominee to vote, exercise the rights to and enjoy the privileges attaching to the Shares with effect from Completion pending registration of the transfers referred to in paragraph 1.1(a) of this Schedule;
- (d) [\*\*\*]
- (e) [\*\*\*]
- (f) evidence reasonably satisfactory to the Purchaser that:
  - (i) all Inter-Company Payables and Inter-Company Receivables have been settled in accordance with Clause 6.6; and
  - (ii) [\*\*\*]and
- (g) [\*\*\*]

save that the Seller and the Purchaser shall work together in good faith between the date of this Agreement and Completion to agree on what constitutes "evidence reasonably satisfactory to the Purchaser" in respect of the matters listed above at (d), (e) and (f).

- 1.2 The Seller shall deliver to the Purchaser or the Purchaser's Solicitors an original of the D&F/ Casualty Reinsurance Agreement duly executed by Argo (604) Limited and Nomina 550 LLP, and ARL together with confirmation from each party thereto that such agreement remains and will continue in full force and effect with effect from Completion.

- 1.3 The Seller shall deliver to the Purchaser or the Purchaser's Solicitors an original of the D&F/ Casualty Claims Management Agreement duly executed by Argo (604) Limited, Nomina 550 LLP, and Argo Insurance Services Bermuda Limited.
- 1.4 The Seller shall deliver to the Purchaser or the Purchaser's Solicitors an original of the TPV/ PRI Reinsurance Agreement duly executed by AMA (acting on behalf of Syndicate 1200) and ARL.
- 1.5 The Seller shall deliver to the Purchaser or the Purchaser's Solicitors an original of the TPV/ PRI Claims Management Agreement duly executed by AMA (acting on behalf of Syndicate 1200) and Argo Management Services Limited.
- 1.6 [\*\*\*]
- 1.7 [\*\*\*]
- 1.8 The Seller shall procure the delivery to the Purchaser of:
  - (a) duly executed counterparts of the Share Purchase Documents (excluding the Confidentiality Agreement) not referred to in 1.2 or 1.3 above and the Transitional Services Agreement;
  - (b) an extract from the minutes of a duly held meeting of the directors of the Seller of the relevant resolution(s) authorising the execution by the Seller of the Transitional Services Agreement and each of the other Share Purchase Documents to which it is a party;
  - (c) the resignation of each of the directors of the Target Companies, other than those which the Purchaser shall designate to the Seller as non-resigning directors, executed as a deed and in each case acknowledging that they have no claim against any Target Group Company, whether for loss of office or otherwise;
  - (d) the certificate of incorporation, the common seal (if any) and statutory books (including minute books) or their equivalents, of the Target Companies;
  - (e) copies of all bank mandates given by each of the Target Companies;
  - (f) the log in details and unique authentication code of each of the Target Companies for online filing at Companies House (Web Filing);
  - (g) if so required by the Purchaser no later than the fifth (5th) Business Day before the Completion Date, a copy of the unqualified resignation of the auditors of such Target Companies as the Purchaser may direct, in each case confirming in accordance with section 519 of the Companies Act in relation to all companies to which it applies, that there are no circumstances connected with their resignation which should be brought to the attention of the members or creditors of that Target Company and that no fees are due to them, the original of the letter having been deposited at the registered office of the relevant Target Company.



1.9 The Seller shall procure that a board meeting of AUA is held (at or prior to Completion) at which it is resolved effective on Completion that:

- (a) the transfers referred to in paragraph 1.1 above (subject only to their being duly stamped) are approved for registration, pursuant to which the Purchaser or its nominee shall be registered as the sole holder of the Shares in the register of members and a new share certificate be executed and issued to the Purchaser;
- (b) such persons as the Purchaser nominates are appointed as additional directors and the secretary of AUA;
- (c) such persons as the Purchaser nominates are appointed as auditors of AUA; and
- (d) the resignations of the directors of AUA, as referred to in paragraph 1.8(c) above are approved;

such resolutions remaining effective as at Completion and provide copies of the same to the Purchaser.

1.10 The Seller shall procure that a board meeting of each Subsidiary and/or a shareholders' meeting, covered in accordance with the requirements set out under the Applicable Law and the articles of association, is held (at or prior to Completion) at which it is resolved (effective on Completion and subject to the applicable regulatory approvals (if any) having been obtained) that:

- (a) such persons as the Purchaser nominates are appointed as additional directors and the secretary of such Subsidiary;
- (b) such persons as the Purchaser nominates are appointed as auditors of such Subsidiary;
- (c) the resignations of the directors of the Subsidiaries as referred to in paragraph 1.8(c) are approved; and
- (d) its bank mandates are revised and/or revoked in such manner as the Purchaser requires,

such resolutions remaining effective as at Completion and provide copies of the same to the Purchaser.

## **PART B (PURCHASER'S OBLIGATIONS)**

**1. At Completion, the Purchaser shall:**

- (a) pay to the bank account nominated by the Seller (such bank account to be nominated by the Seller no later than four (4) Business Days prior to the Completion Date) by way of transfer of funds for same day value the Completion Payment payable in respect of the Shares. The Parties acknowledge and agree that the funds transferred pursuant to this paragraph (a) are to be held by the Seller on trust as the property of the Purchaser until Completion has occurred;

- (b) procure the delivery to the Seller of duly executed counterparts of the Share Purchase Documents (excluding the Confidentiality Agreement) to which the Purchaser or any member of the Purchaser's group is a party to;
- (c) [\*\*\*]
- (d) deliver to the Seller a copy of the resolutions of the directors of the Purchaser authorising the execution by the Purchaser of each of the Share Purchase Documents to which it is a party.

#### **PART C (GENERAL)**

1. All documents and items delivered on or before the Completion Date pursuant to this Schedule shall be held by the recipient to the order of the person delivering the same until such time as Completion shall be deemed to have taken place. Simultaneously with:
  - (a) delivery of all documents and items required to be delivered at Completion in accordance with this Schedule (or waiver of the delivery of it by the person entitled to receive the relevant document or item); and
  - (b) receipt of an electronic funds transfer by the Seller of an amount equal to the total Completion Payment payable in respect of the Shares in accordance with Part C of this Schedule,

the documents and items delivered in accordance with this Schedule shall cease to be held to the order of the person delivering them and Completion shall be deemed to have taken place.

## **SCHEDULE 4**

### **(WARRANTIES)**

#### **1. CAPACITY OF THE SELLER**

##### **1.1 The Seller warrants that:**

- (a) it has the legal right, requisite power, authority and capacity to execute and deliver, and to exercise its rights, enter into and perform its obligations under this Agreement and the other Share Purchase Documents to which it is a party;
- (b) its obligations under this Agreement constitute, and its obligations under the other Share Purchase Documents to which it is party will, when executed and delivered, constitute legal, valid and binding obligations of it in accordance with their respective terms;
- (c) the execution and delivery of, and the performance by it of its obligations under, and in compliance with the provisions of, this Agreement and the other Share Purchase Documents to which it is party will not:
  - (i) result in a breach of any provision of its memorandum or articles of association;
  - (ii) result in a breach of, or constitute a default under, any instrument to which it is a party or by which it is bound;
  - (iii) result in a breach of any order, judgment or decree of any court or governmental agency to which it is a party or by which it is bound in any jurisdiction;
  - (iv) require the consent, authorisation, licence or approval of or notice to the Seller's shareholders; or
  - (v) require any Regulatory Authority to authorise the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement or the performance by the Seller of its obligations under this Agreement;
- (d) it is validly incorporated, in existence and good standing and duly registered under the laws of its jurisdiction of incorporation and has been in continuous existence since its incorporation;
- (e) the Seller is not insolvent or unable to pay its debts within the meaning of the Insolvency Act 1986 or any other applicable insolvency legislation in any jurisdiction, nor has it stopped paying its debts as they fall due; and
- (f) no process is ongoing in any jurisdiction by or under which:
  - (i) the Seller has been or may be liquidated, dissolved or struck off or placed into administration;

- (ii) a person has been or may be appointed in connection with the enforcement of any encumbrance over or affecting any of the assets or undertaking of the Seller; or
- (iii) any composition in satisfaction of, or moratorium in respect of, the debts of the Seller or any scheme of arrangement or compromise between it and its creditors or any class of its creditors (including a restructuring plan under Part 26A of the Companies Act 2006) has been or may be put in place.

## 2. **SHARES**

- 2.1 The Seller is the sole legal and beneficial owner of those Shares set against its name in Schedule 1 (*Shares*) and such Shares (a) constitute the entire issued share capital of AUA and (b) have been validly issued and allotted in accordance with the constitutional documents of AUA and are fully paid up or properly credited as fully paid.
- 2.2 There is no Third Party Right on, over or affecting the shares of any Target Company and there is no agreement or commitment to give or create any and no claim has been made by any person to be entitled to any.
- 2.3 There is no agreement or commitment outstanding which calls for the present or future allotment, issue, transfer, redemption or repayment of, or accords to any person the right to call for the allotment, issue, transfer, redemption or repayment of, any shares or any debentures in or securities of any Target Company (including an option or right of pre-emption or conversion) and no claim has been made in writing, or, so far as the Seller is aware as at the date of signing, orally, by any person to be entitled to any.
- 2.4 There are no existing, pending or threatened in writing, or so far as the Seller is aware, threatened orally, disputes, claims or proceedings affecting any of the Shares or the Seller's ownership or entitlement to dispose of any of them. So far as the Seller is aware, there are no circumstances which are likely to give rise to any such disputes.
- 2.5 AUA has not exercised, nor purported to exercise or claim, any lien over the Shares.

## 3. **CORPORATE MATTERS**

- 3.1 Each Target Company is validly incorporated and existing under the laws of its jurisdiction of incorporation and the particulars set out in Schedule 9 (*Basic information about the Target Group*) in relation to each relevant Target Company are true and accurate.
- 3.2 No action has been in the 12 month period prior to the date of this Agreement or is being taken to strike any Target Company off the register.
- 3.3 No Target Company has any agency, place of business, permanent establishment or branch outside of its jurisdiction of incorporation.
- 3.4 No Target Group Company has entered into any transaction ultra vires the Target Group Company or outside the authority or powers of the directors of the Target Group Company.

#### 4. **SHARE CAPITAL**

- 4.1 No Target Company has at any time since the Accounts Date issued or allotted any share, security or loan capital, reduced its share capital, redeemed any share capital, purchased any of its shares, forfeited any of its shares, or agreed to do any of the foregoing.
- 4.2 Save for the ownership of the Subsidiaries Shares by AUA or AMA (as applicable), no Target Company directly or indirectly has any subsidiary or subsidiary undertaking (as each such term is defined in the Companies Act), nor is any Target Company the legal or beneficial owner (directly or indirectly) of any shares or securities issued by any person (whether incorporated in the United Kingdom or not) and is not obliged to acquire any shares or other securities in any person.

#### 5. **SUBSIDIARIES**

- 5.1 The entire issued share capital of each Subsidiary (except Nomina No 550 LLP) set out in Schedule 9 (*Basic information about the Target Group*) is legally and beneficially owned by AUA or (in the case of ArgoGlobal Underwriting (Dubai) Limited, Argo Direct Limited and Argo Underwriting Asia Pacific Pte Ltd., AMA) (all such shares together being the “**Subsidiary Shares**”). AUA is the sole member of Nomina No 550 LLP.
- 5.2 There is no Third Party Right on, over or affecting the Subsidiary Shares and there is no agreement or commitment to give or create any and no claim has been made in writing, or, so far as the Seller is aware, orally, by any person to be entitled to any.
- 5.3 There is no agreement or commitment outstanding which calls for the present or future allotment, issue, transfer, redemption or repayment of, or accords to any person the right to call for the allotment, issue, transfer, redemption or repayment of, any shares or any debentures in or securities of the Subsidiaries (including an option or right of pre-emption or conversion) and no claim has been made by any person to be entitled to any.
- 5.4 There are no existing, pending or threatened in writing, or, so far as the Seller is aware, threatened orally, disputes, claims or proceedings affecting any of the Subsidiary Shares or AUA’s ownership or entitlement to dispose of any of them. So far as the Seller is aware, there are no circumstances which are likely to give rise to any such disputes.
- 5.5 The Subsidiary Shares constitute the entire issued share capital of the relevant Subsidiary and have been validly issued and allotted in accordance with the constitutional documents of the relevant Subsidiary and are fully paid up or properly credited as fully paid.
- 5.6 No Subsidiary has exercised, or purported to exercise or claim, any lien over the Subsidiary Shares.
- 5.7 Section 5.7 of the Disclosure Letter includes reference to certain of the Target Group Companies being dormant (the “**Dormant Companies**” and each a “**Dormant Company**”). In respect of such Group Companies there are no residual liabilities.

- 5.8 No Dormant Companies have carried on any trade or otherwise carried on business (or disposed for value any property or rights that it held for the purpose of disposal for gain in the normal course of trading or otherwise carrying on business) in the two (2) years ending on the date of this Agreement. Other than as set forth in their respective statutory statements, no Dormant Companies have any assets or liabilities or owns (legally or beneficially) any Intellectual Property.

**6. CONSTITUTIONAL DOCUMENTS AND CORPORATE INFORMATION / RECORDS**

- 6.1 The copies of the constitution or articles of association (as applicable) of each relevant Target Company contained in the Data Room are true, complete and accurate. To the extent required by law, the Constitution of each relevant Target Company fully sets out the rights and restrictions attaching to each class of share capital of such Target Company.
- 6.2 The register of members and other statutory books required to be kept by each relevant Target Company under Applicable Law are in the Target Group's possession or under its control and have been properly kept in accordance with Applicable Law and contain a record which is accurate and complete in all material respects. No Target Company has received any notice or allegation that any of them is incorrect or should be rectified.
- 6.3 All documents required to be delivered to the Registrar of Companies and the Regulatory Authorities (or equivalent including the DFSA) with regard to each relevant Target Company have been properly prepared and filed in accordance with applicable legal requirements and are true, complete and accurate.

**7. ACCOUNTS**

**7.1 The Accounts:**

- (a) have been prepared and audited in accordance with (as applicable) UK GAAP, US GAAP, Singapore GAAP (or such other applicable standards as referred to in the relevant Target Company's Accounts) as at the relevant date to which they were prepared, and have been prepared applying and adopting the same policies, principles, bases, conventions, rules, practices, techniques, methods and procedures as were applied and adopted in the financial statements of the prior two (2) accounting periods;
- (b) comply in all material respects with the requirements of Applicable Law; and
- (c) give a true and fair view of each Target Company's state of affairs (including its assets, liabilities and financial position) as at the relevant date to which they were prepared, and the profit or loss of each Target Company for the financial periods to which they relate.

**7.2 Without prejudice to the generality of the foregoing, in the Accounts:**

- (a) depreciation of the fixed assets of each Target Company has been made at a rate sufficient to write down the value of such assets to nil not later than the end of

their useful working lives and no fixed asset has attributed to it a value exceeding its market value at the Accounts Date;

- (b) the value attributed to stock and work-in-progress does not exceed the lower of cost and net realisable value at the Accounts Date and all: (i) unsaleable, defective, redundant and excessive stock; (ii) returns; and (iii) stock which at the Accounts Date been held for three (3) months or longer, has been written down to nil;
- (c) full provision or reserve has been made for all bad and doubtful debts, all liabilities and obligations (actual, contingent or disputed) and all capital commitments;
- (d) full provision or reserve has been made for all taxation liable to be assessed on each Target Company or for which each Target Company is accountable (whether primarily or otherwise) in respect of income, profits or gains earned, accrued or received on or before the Accounts Date or deemed to have been or treated as earned, accrued or received and/or for any event on or before the Accounts Date, including distributions made down to the Accounts Date or provided for in the Accounts; and
- (e) full provision or reserve in accordance with UK GAAP, US GAAP (or such other applicable standards as referred to in the relevant Target Company's Accounts) has been made for all deferred taxation of each Target Company.

7.3 The Base Balance Sheet has been prepared with due care and attention on a consistent basis with the preparation, practice and presentation of the Argo Group Securities and Exchange Commission (SEC) Segment results and the underlying accounting information in relation to each Target Company has been prepared with due care and attention on a consistent basis and using the same accounting and actuarial policies, principles, estimation techniques, measurement bases, practices and procedures adopted for the Accounts and present with reasonable accuracy, and do not materially misstate, each Target Company's state of affairs (including its assets, liabilities and financial position) as at and for the period(s) ended on the date(s) to which they have been prepared.

7.4 Within the last five (5) years, AMA has prepared audited accounts for each of the Syndicates for all applicable years ended 31 December in all material respects in accordance with the requirements of Applicable Law, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Syndicate Accounting Byelaw (No. 8 of 2005) and such accounts give a true and fair view of such syndicate's affairs as at 31 December for the applicable year.

7.5 Within the last five (5) years, AMA has prepared and submitted to Lloyd's Quarterly Monitoring Returns for each of the Syndicates in all material respects in accordance with the requirements of Applicable Law and such returns present with reasonable accuracy and do not materially misstate such syndicate's affairs for the applicable period covered by such returns.

7.6 Since the Accounts Date:



- (a) each Target Company and each of the Syndicates has carried on the Target Business in the ordinary and usual course as immediately before the Accounts Date so as to maintain the same as a going concern without any interruption or alteration to the nature, scope or manner of the Target Business;
- (b) there has been no deterioration in the financial or trading position of any Target Company;
- (c) no fact or condition (other than any facts or conditions similarly affecting similar businesses to a materially similar extent) exists which might reasonably be expected to cause any material deterioration in the financial position of any Target Company;
- (d) no Target Company has acquired, or agreed to acquire, any asset, or has sold, leased, licensed, transferred or otherwise disposed of any of the assets reflected in the Accounts except in the ordinary and usual course of business;
- (e) no Target Company has discharged or paid any obligation or liability (absolute or contingent) other than: (i) liabilities reflected in the Base Balance Sheet; and (ii) liabilities incurred (or, in respect of insurance claims, reported) since the Base Balance Sheet Date in the ordinary and usual course of business consistent with past practice;
- (f) neither the Seller, nor any Target Company nor any of their respective Affiliates has taken any action or failed to take any action that would, after the date hereof, be prohibited or has omitted to take any action that would, after the date hereof, be required, as the case may be, of Clause 4.1;
- (g) no Target Company has delayed payment of any account payable thirty (30) days after its due date or the date when such liability would have been paid in the ordinary and usual course of business;
- (h) there has not been any acceleration of collection of accounts receivable outside the ordinary and usual course of business;
- (i) no dividend or distribution of capital or income has been declared, made or paid in respect of any share capital of any Target Company;
- (j) each Target Company has continued to pay its creditors in the ordinary and usual course of business, consistent with past practice;
- (k) no loan or loan capital of any Target Company has been made, repaid or has become due;
- (l) no Target Company has increased any Employee's wage, salary or any other form of compensation or remuneration other than in the ordinary and usual course of business;
- (m) none of the assets of any Target Company has been depleted by any unlawful act on the part of any person;



- (n) no Target Company has agreed or committed to do or authorised any of the foregoing.

## 8. MATERIAL CONTRACTS

8.1 The Data Room contains true and complete copies of all Material Contracts, and each Material Contract is listed in Section 8.1 of the Disclosure Letter. “**Material Contracts**” means any contract to which any Target Company is a party or is otherwise obligated (other than Insurance Contracts), in each case that:

- (a) is a Material Outsourcing Contract, Material Supplier Contract or a Material Reinsurance Contract;
- (b) involves aggregate payments by any Target Company in excess of £1,000,000 during the 12-month period ended 30 June 2022 or would reasonably be expected to involve aggregate payments in excess of such amount in any 12-month period that includes the date hereof, or the delivery by AUA of goods or services with a fair market value in excess of £1,000,000 during the 12-month period ended 30 June 2022 or would reasonably be expected to involve aggregate payments in excess of such amount in any 12-month period that includes the date hereof;
- (c) involves receipt of payments by any Target Company in excess of, or any property with a fair market value in excess of, £1,000,000 during the 12-month period ended 30 June 2022 or that would reasonably be expected to involve aggregate payments in excess of such amount in any 12-month period that includes the date hereof (excluding Material Reinsurance Contracts which are addressed in Clause 8.1(a));
- (d) provides for the licence of Intellectual Property to or from any Target Company involving, or is reasonably expected to involve, aggregate payments in excess of £250,000 during the 12-month period ended 30 June 2022;
- (e) (i) contains covenants limiting the ability of any Target Company in any material respect to engage in any line of business or to compete with any person; (ii) grants a right of first refusal or first offer or similar right; or (iii) provides for a “most favoured nations” status for any party thereto;
- (f) contains any material restriction on the ability of any Target Company or any of its Affiliates (or, after consummation of the transactions contemplated hereby, the Purchaser or any of its Affiliates) to solicit specified customers or prospective customers for the purchase, renewal, lapse, or surrender of Material Reinsurance Contracts or to alter or change the terms, features, benefits, elections or options under the Material Reinsurance Contracts;
- (g) provides for any obligation to loan or contribute funds to, or make investments in, another person;
- (h) is a mortgage, indenture, loan or credit agreement, security agreement or other agreement or instrument relating to the borrowing of money or extension of credit or the direct or indirect guarantee of any obligation for borrowed money

of any person or any other liability of AUA in respect of indebtedness for borrowed money of any person, in each case, involving liabilities in excess of £500,000;

- (i) is an agreement that is a material limited liability company, partnership, joint venture or other similar contract relating to the formation, creation, operation, management or control of any partnership or joint venture in respect of the business of any Target Group Company;
- (j) is a currently in force hedge agreement or other contract material to a relevant Target Company's hedging program;
- (k) is a currently in force investment management agreement;
- (l) is a contract between a Target Company, on the one hand, and any Senior Employee or director of any Target Company, on the other hand;
- (m) is a material contract that relates to the administration, claims, underwriting or other insurance policy administration functions, including any collateral arrangements;
- (n) requires a Target Company or any Affiliate thereof to maintain a minimum rating (including, for the avoidance of doubt, any rating applicable to a company group of which the relevant Target Company is a member) or solvency ratio such that a failure to maintain a rating or solvency ratio at or above such rating or solvency ratio would give rise to any violation, breach or default by the Target Company thereunder, or that would permit any modification, acceleration or termination thereof, or that would require the Target Company to collateralise or otherwise provide security thereunder or with respect thereto;
- (o) provides for the acquisition or disposal (whether in a single transaction or series of transactions) of any business (or any material part of any business) or any shares in any company from and after the 36 months prior to the date hereof where the value of that business or those shares exceeds £500,000;
- (p) provides for the purchase, sale, transfer or acquisition of any real property from and after the 36 months prior to the date hereof;
- (q) provides for any guarantee or surety by any Target Company of the obligations of any other person, or by any person for the benefit of the Target Company, including any guaranty, capital maintenance or keep-well and in each case to the extent in force;
- (r) is a contract, between any Target Company, on the one hand, and any other member of the Seller's Group, on the other hand;
- (s) is a contract entered into with any Regulatory Authority;
- (t) is otherwise material to the conduct of the Target Business and necessary for it to operate in substantially the manner in which it operated for the 12 months immediately preceding the date of this Agreement; or

- (u) that obligates any Target Company to enter into any of the foregoing.
- 8.2 Each Material Contract is a legal, valid and binding obligation on the relevant Target Company, and, as far as the Seller is aware, each other party to such Material Contract, and is enforceable against the relevant Target Company, and, as far as the Seller is aware, each such other party, in accordance with its terms and none of the relevant Target Companies or, as far as the Seller is aware, any other party to a Material Contract is in material default or material breach or has failed to perform any material obligation under a Material Contract. As far as the Seller is aware, there does not exist any event, condition or omission that would constitute such a material breach or material default (whether by lapse of time or notice or both). The relevant Target Company has not received any written or, as far as the Seller is aware, oral notice of a material default or material breach in respect of any Material Contract.
- 8.3 There are no outstanding agreements or arrangements under which any Target Group Company is under an obligation to acquire or dispose of all or a substantial part of its assets or business.
- 8.4 No written, or as far as the Seller is aware, oral notice of termination or of intention to terminate, rescind, avoid or repudiate has been received or given by the Seller or any relevant Target Company in respect of any Material Contract, there are no circumstances that give rise to any such rights.
- 8.5 The execution or performance by the Seller of any of its obligations under this Agreement and the other Share Purchase Documents to which it is a party will not, or is not likely to, result in a material breach of, or give any third party a right to terminate or vary or require the consent of a person under any Material Contract.
- 8.6 Except with respect to Nomina Designated Member No 1 Ltd and Nomina Designated Member No 2 Ltd acting as designated members of Nomina No. 550 LLP, no Target Company participates in any joint venture, consortium (other than Lloyd's consortia in the ordinary course of business) or partnership arrangements.
9. **TRANSACTIONS WITH THE SELLERS**
- 9.1 Save in respect of the Continuing Intra-Group Agreements, there is no outstanding Indebtedness or other liability (actual or contingent) and no outstanding contract, commitment or arrangement between any Target Company and any of the following:
- (a) the Seller, or any other member of the Retained Group; or
  - (b) a director of the Seller or a director of any other member of the Retained Group (or a person connected with any of them).
- 9.2 Save in respect of the Continuing Intra-Group Agreements, neither the Seller nor any member of the Retained Group is entitled to a claim of any nature against any Target Company, or has assigned to any person the benefit of any such claim.
- 9.3 No person is entitled to receive from any Target Company any finder's fee, brokerage or other commission in connection with the purchase of the Shares.

**10. ASSETS**

- 10.1 Save in respect of FAL, there are no Third Party Rights affecting any material assets used in the business of a Target Company that are owned or leased by the relevant Target Company.
- 10.2 Save in respect of the Argo Group FAL, as of Completion, the assets, properties, employees and rights of the Target Group, and the assets, rights, properties and services provided to the Purchaser or to the Target Group by the Sellers or its Affiliates pursuant to the TSA, comprise the assets, properties, employees and rights that are sufficient for the Purchaser to conduct the Target Business as conducted as at the date of this Agreement (subject to the final sentence of paragraph 24.6 below), and perform its obligations under this Agreement immediately following the Completion in substantially the same manner as the Target Business is being conducted as of the date hereof.

**11. BANK BORROWINGS AND EVENTS OF DEFAULT**

- 11.1 The total amount borrowed by each relevant Target Company from its respective bankers does not exceed its applicable financial facilities and the total amount borrowed by each Target Company from whatsoever source does not exceed any limitation on such Target Company's borrowing contained in its constitutional documents or in any debenture or loan stock agreement or other instrument (as applicable).
- 11.2 No event has occurred or is subsisting or been alleged or so far as the Seller is aware is likely to arise which:
- (a) constitutes an event of default, or otherwise gives rise to an obligation to repay, or to give security under an agreement entered into by a Target Company relating to borrowing or indebtedness in the nature of borrowing (or will do so with the giving of notice or lapse of time or both); or
  - (b) will lead to a lien, guarantee, an indemnity, suretyship or other obligation created or constituted in connection with borrowing or indebtedness in the nature of borrowing of any Target Company becoming enforceable (or will do so with the giving of notice or lapse of time or both).
- 11.3 No Target Company owes any Indebtedness to any person outside the Target Companies other than the Indebtedness owed pursuant to agreements or instruments of which true and complete copies are set out in Section 11.3 of the Disclosure Letter.
- 11.4 At Completion, except for the Dekania Notes, no Target Group Company will have any Indebtedness.

**12. BANK ACCOUNTS**

- 12.1 A statement of all the bank accounts of the Target Companies and of the credit or debit balances on such accounts as at 6 September 2022 have been supplied to the Purchaser. No Target Company has any other bank or deposit accounts (whether in credit or overdrawn) not included in such statement.

**13. GUARANTEES AND INDEMNITIES**

- 13.1 No Target Company is a party to or liable (including contingently) under a guarantee, indemnity or other agreement to secure or incur a financial or other obligation with respect to another person's obligation (other than another Target Company).
- 13.2 No part of the loan capital, borrowing or indebtedness in the nature of borrowing of any Target Company is dependent on the guarantee or indemnity of, or security provided by, another person.
- 13.3 Save to the extent contained in its standard terms of business or other applicable written agreements in each case referenced in the Disclosure Letter under which the Target Companies currently trade with their customers (or otherwise on the same terms in all material respects as such standard terms of business or written agreements) and any other Insurance Contracts entered into in the ordinary course of business, no Target Company has given any guarantee or warranty or made any representation in respect of service supplied or contracted to be supplied by it save for any guarantee or warranty implied by law and (save as aforesaid) have not accepted any liability or obligation in respect of any services that would apply after any such services had been supplied by it.

**14. OFF-BALANCE SHEET FINANCING**

- 14.1 Save in respect of arrangements related to FAL, no Target Company is, or has been, engaged in any financing arrangements that would not be required to be shown or reflected in its financial statements.

**15. FACTORING**

- 15.1 No Target Company has factored, or securitised any of its current receivables or, save in respect of the ordinary course of its insurance business, discounted any of them.

**16. GRANTS**

- 16.1 No Target Company has ever received any repayable grant, subsidy or other payment of a similar nature made to it by any person (including, where applicable, the Department for Business, Innovation and Skills or its predecessor or any equivalent authority or governing body in other jurisdictions).

**17. DEBTS**

- 17.1 No debt shown in the Accounts or the management accounts is overdue by more than 14 weeks, has been subordinated, written off or become irrecoverable.

**18. INSOLVENCY**

- 18.1 No order has been made, petition presented insofar as the Seller is aware or resolution passed for the winding up of or for the appointment of a provisional liquidator to any Target Company.

- 18.2 No administration order has been made and no petition or application for such an order has been made, or (insofar as the Seller is aware) presented, and no administrator has been appointed in respect of any Target Company.
- 18.3 No receiver (which expression shall include an administrative receiver) has been appointed in respect of any relevant Target Company or over all or substantially all of its assets.
- 18.4 No voluntary arrangement under section 1 of the Insolvency Act 1986 has been proposed or approved in respect of any Target Company.
- 18.5 No compromise or arrangement under section 895 of the Companies Act 2006 has been proposed, agreed to or sanctioned in respect of any Target Company.
- 18.6 No Target Company is insolvent or unable to pay its debts as they fall due (provided that a Target Company shall not be deemed to be insolvent or unable to pay its debts by virtue only of the definition contained in section 123(1)(a) of the Insolvency Act 1986).
- 18.7 No distress, execution or other process has been levied on an asset of any Target Company.
- 18.8 No Target Company has by reason of actual or anticipated financial difficulties commenced negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness and no creditor of any Target Company has taken, or is entitled to take, any steps to enforce, or has enforced, any security over any assets of any Target Group Company.
- 18.9 No event analogous to any of the foregoing provisions of this paragraph 18 has occurred in or outside England and Wales in respect of any Target Company.

19. **COMPLIANCE WITH LAWS**

- 19.1 No Target Group Company nor its respective directors, officers and employees, or any other person (including agents and representatives) for whose acts or defaults any Target Company may be vicariously liable:
  - (a) is liable for any criminal, illegal or unlawful or unauthorised act or breach of any obligation or duty for which, in respect of directors, officers and, employees and those other persons for whose acts or defaults any Target Company may be vicariously liable, a Target Group Company may be liable;
  - (b) is or has been in the three (3) years prior to the date of this Agreement the subject of any investigation, inquiry or enforcement proceedings by any Regulatory Authority in relation to any Target Company, and no Target Company has received any written notification that any such investigation, inquiry or proceedings are or have been threatened or are pending and there are no circumstances existing that could reasonably be expected to give rise to any such investigation, inquiry or proceedings; or



- (c) is liable or subject to further investigations due to internal audit findings, inquiries and/or proceedings and any recommendations from internal audit functions have been actioned to the satisfaction of the internal audit function from time to time in relation to any Target Company;
- 19.2 Each Target Company has in the three (3) years prior to the date of this Agreement complied with all Applicable Laws in all material respects.
- 19.3 Each Target Company has in place (and has had in place at all times since 30 September 2017) such prevention procedures (as defined in sections 45(3) and 46(4) of CFA 2017) as are proportionate to its business risk and are in line with any guidance published from time to time pursuant to section 47 of CFA 2017.
- 20. **COMPETITION**
- 20.1 No Target Company is engaged in, or has engaged in, any agreement, arrangement, practice or conduct which would amount to an infringement of any Antitrust Laws.
- 20.2 No Target Company has been the subject of any investigation, inquiry or enforcement proceedings by any Competition Authority, or Laws. No Target Company has received a complaint regarding, or is aware of any violation or infringement of, any applicable Antitrust Laws in the past five (5) years.
- 20.3 No Target Company is affected by any existing or pending decisions, judgments, orders or rulings of any Competition Authority responsible for enforcing any Antitrust Laws and no Target Company has given any undertakings or commitments to such bodies which affect the conduct of the Target Business.
- 21. **REGULATORY MATTERS AND LICENCES; PRODUCERS AND ADMINISTRATORS**
- 21.1 All licences, consents and other permissions, exemptions, registrations and approvals (the absence of which would have a material impact on the business of the Target Group taken as a whole) required for or in connection with the carrying on of the business now being carried on by such Target Company as at the date of this Agreement (each a “**Material Target Group Licence**”) are in full force and effect, and, as far as the Seller is aware there are no grounds or reason for the competent Regulatory Authorities to refuse the renewal of such licenses, consents and other permissions and approvals upon their expiry nor is there any non-compliance with any conditions applicable to a Material Target Group Licence such that the continuation of any Material Target Group Licence could be impacted. Each Target Company has conducted its business operations in the past five (5) years prior to the date of this Agreement in all material respects in compliance with all Applicable Law (and any instances of non-compliance, in each case or in their aggregate, would not have a material impact upon the business of the relevant Target Company).
- 21.2 The Target Group Companies, their respective directors, officers, employees, agents and other persons acting on their behalf, are, and in the past three (3) years prior to the date of this Agreement have been in compliance in all material respects with applicable Sanctions, and in compliance in all material respects with applicable export and import controls, and anti-boycott laws and regulations (“**Trade Laws**”) maintained by the

United States, the European Union and its Member States, the United Kingdom, and any other applicable jurisdiction or competent authority.

- 21.3 None of the Target Group Companies their respective directors, officers employees, agents and other persons acting on their behalf, (i) is a Sanctioned Person; or (ii) has, in the past three (3) years prior to the date of this Agreement engaged in any dealings with or involving any Sanctioned Person or Sanctioned Country.
- 21.4 The Target Group maintains policies and procedures reasonably designed to ensure compliance with Applicable Laws (including Trade Laws) and follow any applicable recommendation made by internal audit functions. There is not currently, and for the past three (3) years prior to the date of this Agreement there has not been, any action, suit, inquiry, investigation (including any internal investigation), disclosure, or any other proceeding, including those pending or threatened, involving any Target Group Company or any of their respective directors, officers, employees, or agents or other persons associated with or acting on their behalf related to violations or potential violations of Applicable Laws (including Trade Laws).
- 21.5 The Target Group Companies and their respective directors, officers, employees, agents and other persons acting on their behalf, are and in the past three (3) years prior to the date of this Agreement have complied in all material respect with applicable AML Laws.
- 21.6 There is not currently, and for the past three (3) years prior to the date of this Agreement there has not been, any action, suit, inquiry, investigation (including any internal investigation), disclosure, or any other proceeding, including those pending or threatened, involving any Target Company or any of their respective directors, officers, employees, or agents or other persons associated with or acting on their behalf, related to material violations or potential material violations of applicable AML Laws.
- 21.7 No written notice has been received by any relevant Target Company that any Material Target Group Licence is likely to be revoked or materially amended.
- 21.8 So far as the Seller is aware, there are no circumstances which indicate that any of the Regulatory Authorisations may be suspended, varied, limited, modified, revoked or not renewed (in whole or in part) and no Regulated Company has received written notice that it is or may be in default of, or carrying on business otherwise than in accordance with, the Regulatory Authorisations.
- 21.9 No relevant Target Company has received a written notice indicating that it is the subject of an investigation, enquiry or enforcement proceedings by any Regulatory Authority and no such investigation, inquiry or proceedings has been threatened in the last three (3) years.
- 21.10 In the last three years, no material fines or penalties have been imposed on any relevant Target Company or threatened to be imposed on such Target Company by any Regulatory Authority in any jurisdiction in which business is conducted by any member.



- 21.11 The Data Room contains all material written correspondence with any Regulatory Authority related to any relevant Target Company within the last three (3) years, including, without limitation, any correspondence concerning potential or actual breaches of Applicable Laws, and correspondence relating to any reviews, supervisory visits, reports or inspections.
- 21.12 The Data Room includes the current permissions, permits, consents or approvals granted by the Regulatory Authorities to each Target Group Company required to have such a Regulatory Authorisation (a “**Regulated Company**”).
- 21.13 There have been no material undertakings, guarantees, indemnities or securities given by any member of the Seller’s Group within the last three (3) years to any Regulatory Authority to which a Target Group Company is subject, which are different to or outside the scope of those usually required by the relevant Regulatory Authority.
- 21.14 The Regulatory Authorisations from any relevant Regulatory Authority are the only permissions and permits required from any relevant Regulatory Authority or under Applicable Law by the Regulated Companies in order to carry on their business as presently conducted and each Regulated Company has, at all material times, held all permissions and permits required from all Regulatory Authorities to carry on its business in the manner carried on as at the date of this Agreement.
- 21.15 No Target Company’s registration, regulation, permissions, authorisations, exemptions and consents: (a) are subject to any specific or exceptional directions, conditions or requirements given or imposed by the FCA, the PRA or Lloyd’s, DIFC or the DFSA or any other Regulatory Authority; or (b) have not at any stage within the three (3) years ending on the date of this Agreement been withdrawn and, with respect to AMA, no notice has been given to AMA to the effect that such registrations, regulation, permissions, authorisations and consents will be withdrawn or made subject to any directions, conditions or requirements which are not and would not be of general application to all managing agents.
- 21.16 Each of the Argo Corporate Members is duly admitted to membership of Lloyd’s pursuant to the Membership Byelaw (No. 5 of 2005) and each is party to such of Lloyd’s membership agreements as are required by Lloyd’s and none of such agreements have been amended from the standard form provided by Lloyd’s.
- 21.17 Each person carrying out a senior management function on behalf of AMA for which approval is required under Applicable Law has been approved for this purpose by the PRA or FCA (and, where applicable, Lloyd’s or the DFSA).
- 21.18 Within the last three (3) years there have not been any disciplinary enquiries or proceedings by any relevant Regulatory Authority in respect of any officers, Employees or any person employed or engaged in the Target Group carrying out a senior management function or certification function on behalf of the managing agent.
- 21.19 Within the last three (3) years, all material returns, reports, statements and other information, applications and notices required to be filed with or otherwise submitted to the FCA, the PRA, Lloyd’s and the DFSA in connection with the carrying on of the business of the Target Group have been prepared duly filed and maintained by AMA and/or the Argo Corporate Members in accordance with Applicable Law.

21.20 No Target Company has received notice, and the Seller is not otherwise aware, of any third party administrator that managed or administered insurance business for any Target Company, at the time such person managed or administered such business for any Target Company being in material violation (or which would with or without notice or lapse of time or both, be in material violation) of any term or provision of any Applicable Law relating to the administration or management of insurance business for any Target Company.

21.21 As far as the Seller is aware:

- (a) each Producer, at any time that it wrote, sold or produced Insurance Contracts for a Target Company, was duly licensed, authorized and appointed (for the type of business written, sold or produced by such Producer) in the particular jurisdiction in which such Producer wrote, sold or produced such Insurance Contracts; and
- (b) no Producer is in material violation of any term or provision of Applicable Law relating to the writing, sale or production of such Insurance Contracts for any Target Company.

**22. CONDUCT OF BUSINESS AND LLOYD'S**

22.1 AMA does not carry on, and has not at any time in the last five (5) years, carried on any business other than that of acting as managing agent at Lloyd's.

22.2 Syndicate 1200, Syndicate 1910 and Syndicate 6117 are the only Lloyd's syndicates for which AMA is or has in the last five (5) years been a Lloyd's managing agent and are the only Lloyd's syndicates managed by AMA in respect of which there is any open Year of Account.

22.3 There are no variations to the terms of the standard Managing Agency Agreements or Agent's Agreements. AMA has not given to or received from (or on behalf of) any Member of the Syndicates notice to terminate the Managing Agent's Agreement between AMA and such Member (or AMA's appointment under such agreement) or applied to Lloyd's for permission to give any such notice, and AMA has not received notice of any intention on the part of any such Member not to underwrite for the 2023 Year of Account as a Member of that syndicate (where that Member has tenancy rights with respect to that syndicate).

22.4 In the last five (5) years, AMA has at all times properly observed, fulfilled, performed, conducted and carried out in all material respects all obligations imposed on it under any Managing Agency Agreements and Agent's Agreements from time to time entered into by AMA and, so far as the Seller is aware, there have been no acts or omissions on the part of AMA, its officers, employees or agents which constitute or may constitute a material breach (whether in contract, tort, trust or otherwise) of the duties AMA owes to any Member or members' agent.

22.5 AMA has not entered into any agreement with any Member of the Syndicates other than in the standard form(s) prescribed by the Council and all Members of the Syndicates have the same arrangements with AMA regarding profit commission, fees and the consequences of any deficit.

- 22.6 All binding authority agreements entered into by AMA on behalf of the Members of the Syndicates are, in all material respects, on standard LMA standard terms.
- 22.7 So far as the Seller is aware, there has not been on the part of the managing agent's trustees appointed by AMA any breach of trust or of any fiduciary obligations in respect of any trust established or maintained pursuant to Lloyd's Regulations for the purposes of the business of each of the Syndicates and AMA.
- 22.8 AMA has, in all material respects and at all times, complied with its fiduciary obligations in relation to funds coming into its hands and required to be treated as trust assets in connection with the business of the Syndicates.
- 22.9 All funds of the Syndicates are properly entered in the books and records of the Syndicates and are invested and held in all material respects in accordance with the relevant premiums and other trust deeds or instruments and Lloyd's Regulations, and (for policies entered into by ArgoGlobal Underwriting Asia Pacific Pte. Ltd. on behalf of the then members of Syndicate 1200) are properly paid into insurance funds in accordance with, and established under, regulation 11 of the Insurance (Lloyd's Asia Scheme) Regulations.
- 22.10 So far as the Seller is aware, all outward reinsurance agreements and arrangements in respect of each of the Syndicates are valid and enforceable, and, other than in the ordinary course of insurance and reinsurance claims arising in respect of a Target Company's participation in any syndicate, there are no disputes (and the Seller is not aware of any circumstances which exist which are likely to give rise to any dispute) under any such agreements and arrangements.
- 22.11 In the last five (5) years, each Service Company has complied in all material respects with applicable Lloyd's Regulations and any requirements imposed by the relevant regulator or its predecessors, as necessary in connection with the conduct of its business. Each Service Company does not carry on and, in the five (5) years ending on the date of this Agreement, has not at any time carried on any business other than that of acting as a service company at Lloyd's.
23. **ARGO CORPORATE MEMBERS, OTHER MEMBERS & FAL**
- 23.1 None of the Argo Corporate Members has conducted any business other than that of being a corporate member at Lloyd's and none of the Argo Corporate Members has participated on any syndicate at Lloyd's other than Syndicate 1200 and/or Syndicate 1910.
- 23.2 The 2022 YOA Argo Active Corporate Members own the right to participate on 99.5% and/or AMA has the right to allocate in its absolute discretion 99.5% of the rights to participate on Syndicate 1200 for the 2023 Year of Account.
- 23.3 Ariel Corporate Member Limited has not participated on any syndicate at Lloyd's other than the Syndicate 1910 and the only open Year of Account on which Ariel Corporate Member Limited currently participates is the 2020 Year of Account of Syndicate 1910.
- 23.4 None of the Argo Corporate Members (other than Ariel Corporate Member Limited) has made or makes their Funds at Lloyd's inter-available to any other Member. Ariel

Corporate Member Limited has only made its Funds at Lloyd's inter-available to Argo (604) Limited in respect of Argo (604) Limited's participation on Syndicate 1200. Policies underwritten by ArgoGlobal Underwriting Asia Pacific Pte. Ltd. on behalf of the then members of Syndicate 1200 are underwritten only on behalf of Argo Corporate Members that fulfil the requirements of regulations 3 to 6 and 24 of the LAS Regulations.

- 23.5 The Argo Active Corporate Members are the only Argo Corporate Members (other than Ariel Corporate Member Limited) that participate on any open Years of Account at Lloyd's. The only open Years of Account of a Lloyd's syndicate on which the Argo Active Corporate Members participate are the open Years of Account of Syndicate 1200.
- 23.6 Section 23.6 of the Disclosure Letter contains complete and accurate descriptions of the participations by Argo Corporate Members on the last 5 (five) Years of Account of the Syndicates. The Funds at Lloyd's requirement and Member's syndicate premium limits of each of the Argo Active Corporate Members and of Ariel Corporate Member Limited are accurately Disclosed.
- 23.7 Each of the Members of the open Years of Accounts of the Syndicates has deposited with Lloyd's the full amount of their Funds at Lloyd's requirements in relation to the Coming into Line process for the each of the open Years of Account and such Funds at Lloyd's remain at the levels required by Lloyd's for the continued underwriting by such Syndicates in accordance with the current syndicate business plan for the relevant Syndicate.
- 23.8 Section 23.8 of the Disclosure Letter contains copies of the arrangements entered into by each of the Argo Corporate Members relating to the provision of Funds at Lloyd's to support an Argo Corporate Member's participation, or reinsurance of an Argo Corporate Member's participation on the open Years of Account of the Syndicates.
- 23.9 AMA has provided to all Members of the Syndicates all disclosures which AMA is required to provide in respect of their participation on such Syndicates.
- 23.10 There are no matters that could lead to a conflict of interest between the interests of AMA and the Members of the Syndicates, other than those of a Lloyd's managing agent acting in the ordinary course of business at Lloyd's.
- 23.11 All Years of Account of the Syndicates that have been reinsured to close have been reinsured to close in the ordinary course (or in the case of the 2017 and prior Years of Account of Syndicate 1200 have been reinsured to close by Syndicate 3500).
- 23.12 AMA retains no further responsibility for the management of the 2017 and prior Years of Account of Syndicate 1200, save for the ordinary residual responsibility that applies to a Lloyd's managing agent of a Years of Account of a Lloyd's syndicate that have been reinsured to close into a Year of Account of a Lloyd's syndicate managed by another Lloyd's managing agent.
- 23.13 Where Funds at Lloyd's have been provided on behalf of an Argo Corporate Member, all required disclosures have been made to Lloyd's with respect to such arrangements

and all applicable agreements relating to such arrangements comply with Applicable Law.

- 23.14 Within the last five (5) years, there have been no cash calls by Lloyd's with respect to the Funds at Lloyd's provided by or on behalf of the Argo Corporate Members.
- 23.15 Save for the Funds at Lloyd's expressly agreed by the Purchaser to be replaced in accordance with Clause 12.13, with respect to the agreements relating to the capital stacks forming the Funds at Lloyd's provided by or behalf of the Argo Corporate Members, there are no change of control or other termination or acceleration triggers that would require the replacement of any such fund's at Lloyd's or amendment or termination to any arrangements at Completion.
- 23.16 As far as the Seller is aware, there are sufficient reserves available with respect to the 2018, 2019 and 2020 Years of Account of Syndicate 1200 and the 2020 Year of Account of Syndicate 1910 that the reinsurance to close of such Years of Account will not cause a reduction in the assets of the Argo Corporate Members that participate on such Years of Account.

#### 24. **ACTUARIAL**

- 24.1 The Data Room contains all actuarial reports by external actuaries with respect to Syndicate 1200 commissioned by AMA within the three (3) year period ending on the date of this Agreement.
- 24.2 AMA complies in all material respects with generally accepted actuarial standards and professional guidance when completing its actuarial and reserving calculations.
- 24.3 AMA has not materially changed any of its methodologies for making actuarial and reserving calculations in the last three (3) years.
- 24.4 So far as the Seller is aware, all premiums, claims and reinsurance claims information that has been provided in the Data Room is true, complete and accurate in all material respects.
- 24.5 So far as the Seller is aware, the data provided in connection with the preparation of the external actuarial reports was true, complete and accurate in all material respects (including with respect to all benefits and risks covered under the terms of all Insurance Contracts) when provided to each adviser.
- 24.6 The reserves of the Target Companies contained in the Accounts: (a) were determined in all material respects in accordance with generally accepted actuarial standards consistently applied (except as otherwise noted in the Accounts) and were fairly stated in accordance with sound actuarial principles; (b) were based on actuarial assumptions that produced reserves at least as great as those called for in any Insurance Contract as to reserve basis and method, and are in accordance with all other applicable provisions of any Insurance Contract; and (c) satisfied the requirements of Applicable Law in all material respects, except as otherwise noted in the Accounts and notes thereto included in such Accounts. For the avoidance of doubt, the Seller makes no warranty as to the adequacy or sufficiency of reserves.

25. **DATA PROTECTION**

- 25.1 For the purpose of this paragraph 25.1, the terms “controller”, “data subject”, “personal data”, “personal data breach”, “processing”, “processor” and “supervisory authority” shall have the meaning given to them in the GDPR.
- 25.2 In the three (3) year period prior to the date of this Agreement, each Target Company and, with respect to the processing of personal data, its processors comply and have complied in all material respects with Company Privacy Policies and Data Protection Laws (including as regards to any cross-border transfers of personal data). In particular and without limitation, each Target Company to the extent required under Data Protection Laws: (a) maintains a register of personal data processing, (b) provides adequate information to data subjects whose personal data are processed and ensures that all processing of personal data is carried out in reliance on a valid legal basis, and (c) retains personal data only for as long as is necessary.
- 25.3 Each Target Company has in place written agreements with third parties which it has authorised to have access to personal data, including all processors, to ensure that the confidentiality and security of personal data is protected and maintained as required under Data Protection Laws.
- 25.4 Each Target Company has implemented and maintains appropriate technical and organisational measures designed to keep personal data strictly confidential and protect personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorised disclosure or access, which ensure a level of security appropriate to the risk as required under Data Protection Laws (“**Information Security Program**”). Each Target Company has assessed and tested its Information Security Program as necessary to comply with Data Protection Laws and has remediated all critical, high and medium risks and vulnerabilities.
- 25.5 No Target Company, and to the knowledge of the Seller, their processors, have not during the three (3) year period prior to the date of this Agreement:
- (a) suffered any material personal data breach or cybersecurity incident (“**Security Incident**”); or
  - (b) been required to notify any person or Regulatory Authority of any Security Incident.
- 25.6 No Target Company has:
- (a) received any written notice, request or other communication from any Regulatory Authority, or has been subject to any enforcement action (including any fines or other sanctions) or investigation, in each case relating to a breach of their obligations under Data Protection Laws or any laws applicable to cybersecurity;
  - (b) during the three (3) year period prior to the date of this Agreement, been subject to any proceeding relating to noncompliance or potential noncompliance with Data Protection Laws or the processing of personal data; or



- (c) received any written claim, complaint or other communication from any data subject, which remains outstanding.
- 25.7 The Target Companies maintain cyber liability insurance.
- 26. **LITIGATION**
  - 26.1 No Target Company, or any Target Company's , businesses or assets or, in respect of the Target Business, employee, is engaged, or has in the last three (3) years been engaged, in any litigation, arbitration, mediation, settlement discussions or other dispute resolution process, or administrative or criminal investigation or proceedings (including any involving any ombudsman), whether as claimant, defendant or otherwise, other than ordinary course insurance claims within applicable policy limits that do not seek class certification (including with respect to the collection of debts in the ordinary course of business where the amount is not likely to exceed £2,500,000).
  - 26.2 No litigation, arbitration, mediation or other dispute resolution process, or administrative or criminal investigation or proceedings (including any involving any ombudsman), by or against any Target Company or any Target Company's business or assets or, in respect of the Target Business, employee, is pending or threatened, where the amount claimed is likely to exceed £2,500,000.
- 27. **ANTI BRIBERY AND CORRUPTION**
  - 27.1 Each Target Company and, its respective directors, officers, employees and Associated Persons (as defined in the Bribery Act 2010) is conducting and has, in the last three (3) years conducted its business in compliance in all material respects with Anti-Bribery Laws, its internal policies and procedures related to the same and any obligations relating to Anti-Bribery Laws pursuant to any contract with any third party.
  - 27.2 Each Target Company and its directors, officers, employees, and "Associated Persons" (as defined by the Bribery Act 2010) have not acted in material breach of Anti-Bribery Laws in the last three (3) years.
  - 27.3 Each Target Company has in place (and has, at all relevant times, had in place) adequate written anti-corruption policies and procedures (in accordance with the guidance published from time to time by the Secretary of State pursuant to section 9 of the Bribery Act 2010) which are designed to prevent each Target Company (and any of its directors, employees, officers or Associated Persons (as defined by the Bribery Act 2010)) from engaging in any activity, practice or conduct which would constitute an offence under Anti-Bribery Laws and to ensure compliance with Anti-Bribery Laws, and copies of all such policies are disclosed in the Data Room at Folder 10.
  - 27.4 No Target Company nor its directors, employees, officers or Associated Persons (as defined by the Bribery Act 2010) have, in the three (3) years immediately preceding the date of this Agreement, had any interactions with public officials, other than in the ordinary course of each Target Company's business.

**28. INTELLECTUAL PROPERTY AND INFORMATION TECHNOLOGY**

- 28.1 The activities of any relevant Target Company do not infringe or otherwise violate, and have not in the past three (3) years infringed or otherwise violated, the Intellectual Property of any third party. In the past three (3) years, no relevant Target Company has received any written charge, complain, claim, demand, or notice (a) alleging any such infringement or other violation, or (b) challenging the ownership by any relevant Target Company of the validity or enforceability of any Intellectual Property owned by or purported to be owned by any relevant Target Company.
- 28.2 The Information Technology used by any relevant Target Company is in good working order in all material respects, is sufficient to satisfy the current business requirements of the Target Group in all material respects and do not contain any Malicious Code or defect, and operate and perform as necessary to conduct the business of such Target Company.
- 28.3 During the three (3) year period prior to the date of this Agreement, no Target Company has experienced any material disruption in its operations as a result of: (a) any security breach or other unauthorised access or acts in relation to any Information Technology; or (b) any failure of any Information Technology howsoever arising, which had or would have a Material Adverse Effect on the Target Group.
- 28.4 The Target Group has procedures in place which: (a) take and store on-site and off-site back-up copies of the software and data in the Information Technology; and (b) are designed to minimise unauthorised access to and the introduction of viruses and other contaminants into the Information Technology.
- 28.5 Section 28.5 of the Disclosure Letter lists, and the Data Room contains details of, all registered Intellectual Property (or Intellectual Property subject to application for registration) and material unregistered Intellectual Property owned by any relevant Target Company. Each relevant Target Company either legally or beneficially owns, or has licensed to it, all Intellectual Property necessary to carry on its business as currently conducted. All Intellectual Property owned or purported to be owned by any relevant Target Company is owned exclusively by the Target Group.
- 28.6 A list of all material licences (and, where available, copy of such licences) of Intellectual Property and Information Technology entered into by any relevant Target Company are set forth in Section 28.6 of the Disclosure Letter.
- 28.7 So far as the Seller is aware, no third party is infringing, misappropriating, or otherwise violating, or has in the past three (3) years infringed, misappropriated, or otherwise violated, any Intellectual Property owned by any relevant Target Company.
- 28.8 Each relevant Target Company has taken commercially reasonable measures to protect the confidentiality of all trade secrets and other material confidential information that is owned by the Target Group. Each current and former employee, consultant and contractor of each relevant Target Company who materially contributed to the development of any material Intellectual Property for or on behalf of any relevant Target Company has assigned all right, title and interest of such employee, consultant or contractor in such Intellectual Property to a member of the Target Group and agreed



to confidentiality provisions protective of the confidential information of the Target Group.

29. **INSURANCE**

29.1 Section 29.1 of the Disclosure Letter sets forth a list of, and the Data Room contains true and accurate copies of, all insurance policies or indemnity policies (other than policies: (a) underwritten by the Syndicates; and (b) in the nature of reinsurance, in each case which relate to the business of the Syndicates/(other than in its capacity as an insurer, reinsurer or reinsured)) maintained by or for the benefit of each Target Group Company (known as the “**Insurance Policies**”, and each an “**Insurance Policy**”).

29.2 In the past three (3) years, no insurer has disputed any of the Insurance Policies. All premiums due on the Insurance Policies have been paid when they were due, and, there are no existing circumstances which materially and adversely affect or likely to affect any Target Group Company, the effect of which would give rise to an increase in premium or make any Insurance Policy void or voidable.

29.3 There are no outstanding claims by any Target Company under, or in respect of the validity of, any of the Insurance Policies and, so far as the Sellers are aware, there are no circumstances likely to give rise to any claim by any Target Company under any of the Policies.

29.4 Each Target Company has at all times been prior to the date of this Agreement, appropriately insured against risks normally insured by a prudent person carrying on a similar business to the Target Group Companies and has at all times effected all insurances required by Applicable Law.

29.5 Nothing has been done or omitted to be done by any Target Company or, so far as the Seller is aware, any other party which has made any of the Insurance Policies void or voidable. So far as the Seller is aware, none of the insurers under the Insurance Policies are insolvent.

29.6 So far as the Seller is aware, there are no circumstances which have given or are likely to give rise to any claim or require notification under any of the Insurance Policies which have not been notified to the relevant insurers.

30. **CLAIMS AND POLICIES**

30.1 There has been no material failure by AMA within the last three (3) years to administer or comply with any policies in accordance with their terms which, taken individually or collectively, has resulted, or will result, in a Material Adverse Effect on AMA or the Syndicates.

30.2 The policyholder records of the managing agent are sufficient to enable the managing agent to deal with claims arising under the policies in all material respects.

30.3 The Target Companies have processed and administered all claims with respect to the Target Companies and/or the Syndicates in accordance with Applicable Law and, so far as the Seller is aware, in a timely manner during the last five (5) years.

31. **POWER OF ATTORNEY**

- 31.1 No Target Company has given a power of attorney and no person has any authority (express, implied or ostensible) that is still outstanding or effective to enter into any contract or commitment or to do anything on its behalf.

32. **EMPLOYMENT AND PENSIONS**

- 32.1 The Data Room contains:

- (a) true and complete anonymised details (which are accurate in all material respects as at the date of this Agreement) of the: (i) job title; (ii) annual salary and bonus or other incentive opportunity; (iii) location of employment and employing entity; (iv) date of commencement of employment or engagement; (v) date of birth; (vi) immigration status; (vii) part or full time status; and (viii) notice period of each Employee;
- (b) copies of the standard terms and conditions of employment for the Target Group (and each Employee is employed under a contract of employment that is materially in the same form as the standard terms);
- (c) copies of the contracts of employment between each relevant Target Company and each Senior Employee;
- (d) material details of any bonus schemes, share incentive schemes, share option schemes, profit share schemes or commission schemes and entitlements in which the Employees participate; and
- (e) copies of all handbooks and all material staff policies and procedures of the Target Group which relate to the Employees.

- 32.2 Section 32.2 of the Disclosure Letter sets forth a true and complete list of all independent contractors or consultants engaged by each Target Company containing: (a) country where engaged; (b) engaging entity (or entity such individual provides services to, if different); (c) whether the individual is engaged directly or via an intermediary; (d) payments received from the Target Group in calendar years 2021 and 2022; and (e) a brief description of the services provided by each independent contractor or consultant.

- 32.3 No offer of employment has been made by a Target Company that has not been accepted or where the employment has not yet started, in each case to any person who, on the commencement of employment, would be a Senior Employee and no Senior Employee has given notice terminating his contract of employment (which has not yet terminated) or is under notice of termination as at the date of this Agreement.

- 32.4 All contracts of employment between the each Target Company and its Employees are terminable at any time on not more than six months' notice.

- 32.5 Save as Disclosed, the Transaction will not entitle any Employee, director, worker or independent contractor of any Target Company to terminate his or her employment,

appointment or engagement or receive any payment or other benefit as a result of the completion of the Transaction.

- 32.6 There is no trade union recognised by, or works council, staff association or other employee representative body established at any Target Company and there is no dispute between any Target Company and any trade union existing, or threatened in writing and there is no collective bargaining agreement or other arrangement in place (whether binding or not) with any trade union or employee representatives to which any Target Company is a party or subject. No Target Company has received any requests for recognition from a trade union within the three (3) years prior to the date of this Agreement and, so far as the Seller is aware, there are no circumstances likely to give rise to any request for recognition by any trade union, or establishment from any works council, staff association or other employee representative body.
- 32.7 There are no current, and have not been in the three (3) years prior to the date of this Agreement any, material investigations, grievances, protected disclosures, or disciplinary procedures (including, without limitation, any grievance or disciplinary appeals), or litigation, relating to any current or former director, Employee, worker, or independent contractor, and so far as the Seller is aware, there are no circumstances likely to give rise to any such investigations, grievances, protected disclosures, disciplinary procedures or litigation.
- 32.8 In the three (3) year period prior to the date of this Agreement, each Target Company has materially performed all obligations it is required to perform (whether arising under contract or applicable law) in respect of their current and former Employees, directors, officers, workers and independent contractors.
- 32.9 In the three (3) year period prior to the date of this Agreement, no Target Company has received any allegations of sexual or racial harassment or discrimination involving any of their respective current or former directors or Employees. Section 32.9 of the Disclosure Letter sets forth a list of, and the Data Room contains all settlement agreements entered into by, any Target Company within the past three (3) years relating to allegations of sexual or racial harassment or discrimination by any of its current or former Employees.
- 32.10 Save as Disclosed, no Target Company has an obligation to provide any maternity, paternity, adoption or other family friendly or carer-related benefits or sick pay to any Employee or worker in excess of statutory minimum requirements.
- 32.11 No Target Company has an obligation to make any payment or provide any benefit on the redundancy of any employee in excess of the statutory redundancy payment or to provide enhanced severance payments in case of termination, and has not, in the three (3) years preceding the date of this Agreement, operated any discretionary practice of making any such excess payments or benefits to any of their Employees.
- 32.12 No Target Company has in the three (3) years preceding the date of this Agreement made, or started implementation of, any collective dismissals that have required or will require notification and/or consultation with any state authority, trade union, works or supervisory council, staff association and/or body representing or in relation to any current or former Employee.

- 32.13 All Employees in the Target Group have the legal right to work in the country in which they are employed, and each Target Company has complied with all of its obligations in this regard.
- 32.14 In the period of three (3) years preceding the date of this Agreement, no Target Company has been a party to a relevant transfer for the purposes of the Transfer of Undertakings (Protection of Employment) Regulations 2006, Section 18A of the Employment Act 1968 of Singapore or equivalent or similar applicable laws affecting any Employee or any other person engaged in the business of the Target Group. No Employee of any Target Company has had their terms and conditions of employment varied for any reason as a result of or connected with such a transfer.
- 32.15 Each Target Company has complied with its COVID-19 obligations with respect to compliance with the Coronavirus Job Retention Scheme and any of its Employees or workers returning to the workplace, including compliance with any obligation to carry out a COVID-19 risk or health and safety assessment or to carry out a consultation exercise with Employees or employee representatives.
- 32.16 The Disclosed Scheme and the DEWS Scheme are the only scheme or arrangement to which the Target Group makes payments, or could reasonably be expected to become liable to make payments, for providing retirement, death, disability or life assurance benefits in respect of the current or former directors, Employees and workers of the Target Group.
- 32.17 True and complete details of the Disclosed Scheme (including details of the contributions payable) and copies of the current governing documents and all other material documentation have been included in the Data Room.
- 32.18 The Disclosed Scheme in the three (3) years prior to the date of this Agreement and the DEWS Scheme since its implementation on 31 January 2020 have in all material respects been operated in accordance with the provisions of its governing documentation, all applicable legislation, and the general requirements of law and regulatory practice, including that each Target Company in the United Kingdom has complied with its automatic enrolment obligations under the Pensions Act 2008 and regulations made thereunder and ArgoGlobal Underwriting (Dubai) Limited has complied with its enrolment obligations and contribution requirements under the DEWS Scheme.
- 32.19 All contributions which have fallen due for payment prior to the date of this Agreement in respect of the Disclosed Scheme have been paid and there are no other costs or contributions paid by any Target Company in respect of the Disclosed Scheme and there are no other costs or contributions paid by any Target Company in respect of the DEWS Scheme other than ArgoGlobal Underwriting (Dubai) Limited.
- 32.20 All benefits payable, or prospectively or contingently payable, under the Disclosed Scheme are “money purchase benefits” within the meaning of section 181(1) Pension Schemes Act 1993 or are insured, and no Target Company has been a party to, a sponsoring employer of, or otherwise is under any liability with respect to any defined benefit pension scheme, any final salary scheme or any death, disability or retirement benefit calculated by reference to age, salary or length of service or any other item.

- 32.21 There is no material proceeding or claim (other than routine claims for benefits) outstanding, pending or threatened against the administrators of the Disclosed Scheme, or a Target Company, in connection with the Disclosed Scheme.

33. **INFORMATION**

- 33.1 The information contained in Schedules 1, 9, and 10 is true, complete and accurate in all respects.

34. **TAX**

- 34.1 All Tax which a Target Company has been liable to pay or account for (including any Tax that a Target Company has been liable to deduct or withhold or collect from any payment by a Target Company) has been duly paid or accounted for to the relevant Tax Authority within the time limits prescribed by law. No relevant Target Company is, nor has in the past four years been, liable to pay or has paid any penalty, surcharge, fine or interest in respect of Tax.

- 34.2 There is not currently and has not been, at any time within the last four (4) years, a material dispute, disagreement, non-routine audit or enquiry with or by any Tax Authority involving a Target Company and, so far as the Seller is aware, no such dispute, investigation, audit or enquiry is threatened or likely to arise based on circumstances currently existing.

- 34.3 Each relevant Target Company has, in the past four (4) years, within applicable time limits made all returns and material claims, elections, disclaimers and notices (including, for the avoidance of doubt, all claims, elections, disclaimers and notices the making of which has been assumed for the purposes of the Base Balance Sheet as at the Base Balance Sheet Date (including to the extent the Base Balance Sheet reflects DTA Reliefs)), so far as the Seller is aware, on a proper basis, and, so far as the Seller is aware, these were, when made, and remain true and accurate. Each Target Company has provided all information and maintained all records in relation to Tax as it is required to provide, make or maintain.

- 34.4 Each Target Company has kept and preserved complete, accurate and up-to-date records and information as required by Applicable Law and sufficient to enable the relevant Target Company to deliver correct and complete Tax returns.

- 34.5 Each Target Company has duly registered for VAT purposes where required by applicable law to do so and has, in the past four 4 years, complied in all material respects with all applicable legislation relating to VAT.

- 34.6 All documents in the possession or under the control of each Target Company to which the relevant Target Company is a party and which are required to be stamped to establish the relevant Target Company's rights or title to any asset have been duly stamped.

- 34.7 There are no encumbrances for Taxes upon any assets of any Target Company except statutory liens for Taxes not yet due and payable.

- 34.8 Each Target Company is and has, since its incorporation, been resident for Tax purposes solely in its jurisdiction of incorporation. No Target Company has a permanent establishment or other taxable presence outside of its jurisdiction of incorporation.
- 34.9 The provisions or reserve for Tax appearing in the Base Balance Sheet have been prepared in accordance with applicable accounting principles and, so far as the Seller is aware, are sufficient to cover all Tax for which each Target Company is liable to pay or account in respect of any period (or part-period) ended on or before the Base Balance Sheet Date. No material Taxes have been incurred by any Target Company since the Base Balance Sheet Date other than in the ordinary course of business.
- 34.10 No Tax Authority has agreed to operate any special arrangement (being an arrangement not based on a strict and detailed application of the relevant legislation) in relation to the affairs of any Target Company.
- 34.11 All clearances and consents obtained from any Tax Authority were based on full and accurate disclosure of all the facts and circumstances material to the decision of the Tax Authority of which the Seller was aware at the time. Each Target Company has complied in all material respects with any conditions to which any such consents or clearances are subject, and to the knowledge of the Seller has not taken any action which might materially alter, prejudice or materially disturb any such consent or clearance, nor, so far as the Seller is aware, will entry into this Agreement or Completion have such an effect.
- 34.12 Neither entering into this Agreement nor Completion will result in a charge to corporation tax, stamp duty, stamp duty land tax arising (including as a result of the withdrawal of a Relief) for any Target Company in consequence of such Target Company ceasing to be a member of a group with another person for Tax purposes.
- 34.13 No Target Company has been under any obligation to pay an increased sum in respect of any amounts that it is obliged to deduct or withhold in respect of Tax in connection with the repayment of any premium, interest or other amount comprised in any Indebtedness of any Target Group Company that will be outstanding immediately after Completion (other than to the extent such obligation arises as the result of change of Tax residence of a Target Group Company after Completion).
- 34.14 No Target Company has at any time entered into or been party to any transactions, schemes or arrangements which either were notifiable arrangements for the purposes of Part 7 Finance Act 2004 or was a notifiable scheme for the purposes of Schedule 11A VATA.

35. **RELEVANT PROPERTY**

- 35.1 The details of the Relevant Properties in Schedule 10 (Relevant Property) are true, complete and accurate in all material respects.
- 35.2 The Relevant Properties are the only properties used or occupied by the relevant Target Group Company or in which the relevant Target Group Company has an interest, right or liability whether contingent or otherwise.
- 35.3 In relation to each Relevant Property,



- (a) the Relevant Property is held by the relevant Property Owner under the terms of the lease or licence particulars of which are set out in Schedule 10 (Relevant Property) and the leases and licences referred to in Schedule 10 constitute the entire agreement relating to occupation by the relevant Target Group Company of the Relevant Property and there are no other agreements or arrangements (written or unwritten) relating to the occupation by the relevant Target Group Company;
  - (b) it is not subject to any mortgages, charges or other security, options or other rights to acquire an interest in it and (where applicable) the relevant Property Owner has in its possession all title deeds and documents necessary to prove its title to the Relevant Property, free from lien;
  - (c) the relevant Property Owner is in possession and actual occupation of the whole of the Relevant Property on an exclusive basis, and no right of occupation or enjoyment has been granted or acquired or is the course of being granted or acquired by any third party; and
  - (d) it is in a good and substantial state of repair and condition (fair wear and tear excepted).
- 35.4 All sums due pursuant to the relevant lease or licence under which the Relevant Properties are held, have been paid in full up to date as and when they became due.
- 35.5 No Property Owner or relevant Target Group Company has committed or has received written notice of any material breach of, or material failure to comply with, any covenants, obligations, conditions, or other obligations or restrictions relating to the Relevant Properties which notice remains outstanding and, So far as each relevant Seller is aware, there are no circumstances which may lead to any such notice being served.
- 35.6 There are no outstanding disputes, actions, claims, demands or complaints in each case of a material nature in respect of any Relevant Property nor is the relevant Seller aware of any threatened or potential claim or action in relation to any Relevant Property which is or would be material for the Target Group.

## **SCHEDULE 5**

### **(LIMITATIONS ON LIABILITY)**

#### **1. THRESHOLD FOR WARRANTY CLAIMS**

The Purchaser shall not be entitled to damages or other payment in respect of any Warranty Claim unless and until the aggregate amount of all such claims exceeds \$1,250,000, but once the aggregate amount of all such claims has exceeded such sum, the Seller shall be liable in respect of the full amount of all such claims and not only the amount by which such sum is exceeded.

#### **2. GENERAL**

- 2.1 In respect of any Warranty Claim or Tax Covenant Claim, the Purchaser shall not be entitled to claim for any indirect, punitive or consequential losses except to the extent that any such damages are (a) payable to a third party not affiliated with the relevant indemnified party or (b) solely with respect to consequential losses (including lost profits), such losses are the reasonably foreseeable result of the event that gives rise thereto, regardless of the form of action through which such damages are sought.
- 2.2 The Purchaser shall not be entitled to claim for a breach of a Warranty Claim if it had actual knowledge of such breach prior to the date hereof.
- 2.3 Each provision of this Schedule shall be read and construed without prejudice to each of the other provisions of this Schedule.
- 2.4 Nothing in any of the Share Purchase Documents shall or shall be deemed to relieve or abrogate the Parties of any common law duty to mitigate any loss or damage.
- 2.5 The only Warranties given in respect of Tax are those contained in paragraph 34 (Tax) of Schedule 4 (Warranties), and none of the other Warranties shall or shall be deemed to be, whether directly or indirectly, a Warranty in respect of Tax and the Purchaser acknowledges and agrees that the Seller does not make any other warranty as to Tax.

#### **3. NOTICE AND TIME LIMITS FOR BRINGING CLAIMS**

- 3.1 No Claim shall be brought against the Seller unless the Purchaser shall have given to the Seller written notice of such Claim:
  - (a) in respect of any Claim other than a Fundamental Warranty Claim, Tax Claim, or Indemnity Claim, no later than the later of: (i) 18 months from the Completion Date, and (ii) the date on which the audit of the accounts of the Target Group Companies for the financial year ending 31 December 2023 has been completed;
  - (b) in respect of any Fundamental Warranty Claim, no later than seven years from the Completion Date;
  - (c) in respect of any Indemnity Claim, no later than six years from the Completion Date; and



- (d) in respect of any Tax Claim, no later than seven years from the Completion Date.

**PROVIDED THAT** the liability of the Seller in respect of a Warranty Claim shall absolutely determine (if such Warranty Claim has not been previously satisfied, settled or withdrawn) and such Warranty Claim shall be deemed to have been withdrawn and no new Warranty Claim may be made in respect of the facts giving rise to such Warranty Claim unless legal proceedings in respect of such Warranty Claim have been commenced within twelve months of the giving of such notice and for this purpose proceedings shall not be deemed to have been commenced unless they shall have been properly issued and validly served upon the Seller and **FURTHER PROVIDED THAT** such a Warranty Claim, once commenced, is progressed by the Purchaser as quickly as reasonably practicable except:

- (i) in the case of such a Warranty Claim based upon a liability which is contingent or otherwise not capable of being quantified, in which case the twelve-month period shall commence on the date that the contingent liability becomes an actual liability or the liability is capable of being quantified;
- (ii) in the case of such a Warranty Claim where a member of the Purchaser's Group has a corresponding claim against an insurer or a corresponding entitlement to recovery from some other person, in which case the twelve-month period shall commence on the date that the corresponding such claim or entitlement is finally settled or finally determined; or
- (iii) in the case of such a Warranty Claim which has arisen as a result of such a claim made against a member of the Purchaser's Group, in which case the twelve-month period shall commence on the date that such underlying claim is finally settled or finally determined.

- 3.2 Any notice provided pursuant to paragraph 3.1 of this Schedule 5 shall be provided as soon as reasonably practicable after the Purchaser becomes aware of any fact, matter or circumstance that is reasonably likely to give rise to a Warranty Claim, specifying (in reasonable detail) the matter which gives rise to the Warranty Claim or Tax Covenant Claim, the nature of such Warranty Claim or Tax Covenant Claim and, if known to the Purchaser, the amount claimed in respect thereof (detailing to the extent reasonably practicable the Purchaser's good faith calculation of the loss thereby alleged to have been suffered by it or the relevant member of the Purchaser's Group). Notwithstanding the foregoing, no delay on the part of the Purchaser in notifying the Seller of such matters shall relieve the Seller from any obligation or otherwise affect the rights of the Purchaser unless (and then solely to the extent) that the Seller is actually prejudiced by such delay.

#### 4. **NO LIABILITY FOR CONTINGENT OR NON-QUANTIFIABLE CLAIMS**

- 4.1 If any Claim arises which, at the time such Claim is notified to the Seller in accordance with paragraph 3.1 of this Schedule or Schedule 17 (*Indemnities*) (in respect (where applicable) of an Indemnity Claim) is contingent only or otherwise not capable of being quantified, then the Seller shall not be under any obligation to make any payment in respect of such Claim unless and until such liability ceases to be contingent or becomes

capable of being quantified. So long as such Claim shall have been notified to the Seller in accordance with paragraph 3.1 of this Schedule or paragraph 1.2 of Schedule 17 (*Indemnities*), as appropriate, then with respect to a Warranty Claim only the proviso set out at paragraph 3.1(d)(i) of this Schedule shall operate to govern the time limit within which legal proceedings must be commenced in respect thereof.

5. **NO LIABILITY IF LOSS IS OTHERWISE COMPENSATED FOR**

- 5.1 No liability shall attach to the Seller by reason of any Warranty Claim or Tax Covenant Claim to the extent that the same loss has been recovered by the Purchaser or any member of the Purchaser's Group under any other term of this Agreement, the Tax Covenant or pursuant to any other document entered into pursuant hereto and accordingly the Purchaser may only recover once in respect of the same loss.
- 5.2 The Seller shall not be liable for any Warranty Claim or Tax Covenant Claim to the extent that the subject of the claim has been or is made good or is otherwise compensated for without cost to the Purchaser or any other member of the Purchaser's Group.
- 5.3 If any member of the Purchaser's Group is or may be entitled to claim under any policy of insurance in respect of any matter or event that is likely to give rise to a Warranty Claim or Tax Covenant Claim, then without limiting the Purchaser's right to make a Warranty Claim or Tax Covenant Claim against the Seller the Purchaser shall (and shall procure that the relevant member of the Purchaser's Group shall) use all reasonable endeavours to pursue such an insurance claim and any such insurance claim shall then extinguish or reduce any such Warranty Claim or Tax Covenant Claim by the amount so recovered (less all reasonable costs incurred by the Purchaser's Group in recovering such amount and any Tax computed by reference to the amount so recovered) (but, for the avoidance of doubt, the foregoing shall not require the Purchaser to pursue any claim arising under Part B of Schedule 15 (with respect to any DTA Reliefs Shortfall) under the Warranty Insurance Policy).
- 5.4 If:
- (a) the Seller pays to the Purchaser an amount in respect of a Warranty Claim or a Tax Covenant Claim (a "**Damages Payment**");
  - (b) the Purchaser or a member of the Purchaser's Group subsequently recovers from a third party (including an insurer) an amount which is referable to that Warranty Claim or Tax Covenant Claim (a "**Third Party Sum**");
  - (c) the receipt of the Third Party Sum was not taken into account in calculating the Damages Payment; and
  - (d) the aggregate of the Damages Payment and the Third Party Sum exceeds the amount required to compensate the Purchaser in full for the loss or liability which gave rise to that Warranty Claim or Tax Covenant Claim (such excess being the "**Excess Recovery**"),

then the Purchaser shall promptly and in any event within 10 Business Days of receipt of the Third Party Sum pay to the Seller an amount equal to the lower of: (i) the Excess

Recovery; and (ii) the Damages Payment, in each case less all reasonable costs incurred by the Purchaser's Group in recovering such amount and any Tax computed by reference to the amount so recovered.

**6. ACTS OF PURCHASER**

6.1 No Warranty Claim (other than a Tax Warranty Claim) shall lie against the Seller to the extent that such Warranty Claim is attributable to:

- (a) any voluntary act, transaction, or arrangement carried out at the express request or direction of or with the prior written consent of the Purchaser or any member of the Purchaser's Group before Completion;
- (b) any voluntary act, transaction, or arrangement carried out by the Purchaser or by a member of the Purchaser's Group on or after Completion other than an admission of liability that is not in breach of this Schedule; or
- (c) any admission of liability made in breach of the provisions of this Schedule by the Purchaser or by a member of the Purchaser's Group on or after Completion.

6.2 The Seller shall not be liable for any Warranty Claim (other than a Tax Warranty Claim) which would not have arisen but for any reorganisation (including a cessation of the whole or part of any trade) or change in ownership of any member of the Purchaser's Group or of any assets of any such member after Completion or change in any accounting basis on which any member of the Purchaser's Group values its assets or any accounting basis, method, policy or practice of any member of the Purchaser's Group which is different from that adopted or used in the preparation of the Accounts.

**7. THE COMPLETION BALANCE SHEET**

No matter shall be the subject of a Warranty Claim, Tax Covenant Claim or Indemnity Claim if and to the extent of any identifiable accrual, provision, reserve, or liability (including as a reduction to the value of an asset) for such matter is recognised in the Completion Balance Sheet or such matter has been otherwise taken account of or reflected in the Completion Balance Sheet (including as a result of an accrual provision, reserve or liability being recognised in the Completion Balance Sheet in respect of any Tax that would have been saved but for the non-availability of the DTA Reliefs), save that this paragraph 7 shall not limit the Seller's liability for amounts in excess of the relevant recognised accrual, provision, reserve or liability. For the purposes of this paragraph 7, the expression "**identifiable**" in relation to the Completion Balance Sheet means that which is identifiable, or which would be identifiable, through examination of the accounts and the documents Disclosed to the Purchaser in folders 8 and 9 of the Data Room.

**8. FUTURE LEGISLATION**

8.1 No liability shall arise in respect of any Warranty Claim or Tax Covenant Claim to the extent that such liability occurs or is increased directly or indirectly as a result of:

- (a) the passing of, or a change in, any law, rule, regulation, treaty, constitution, order or administrative action not in force on the date of this Agreement;

- (b) any change after the date of this Agreement of any interpretation or application of any of the foregoing by any Regulatory Authority (or any Tax Authority); or
- (c) the withdrawal of any extra-statutory concession or other agreement or arrangement currently granted by or made with any Regulatory Authority (or any Tax Authority) (whether or not having the force of law).

## 9. **SOLE REMEDY FOR A BREACH OF WARRANTY**

- 9.1 Except in the case of wilful misconduct, fraud or fraudulent misrepresentation, a claim for breach of a Warranty shall be the sole and exclusive remedy available to the Purchaser for any losses (including any losses from Warranty Claims for breach of contract, warranty, tortious conduct (including negligence) or otherwise and whether predicated on common law, statute, strict liability or otherwise) that it may at any time suffer or incur, or become subject to, as a result of, or in connection with, any breach of or inaccuracy with respect to any Warranty.

## 10. **FORECASTS, ESTIMATES AND RESERVES**

- 10.1 The Purchaser acknowledges and agrees that:

- (a) the members of the Purchaser's Group are responsible for assessing the extent to which they require appropriate independent actuarial advice relating to the purchase of the Shares and the terms of this Agreement, the Share Purchase Documents and any other agreement or document to be executed pursuant to this Agreement or any of the other Share Purchase Documents, and that the members of the Purchaser's Group are responsible for assessing the adequacy of any actuarially determined reserves of any member of the Target Group or the Syndicates;
- (b) neither the Seller, any member of the Target Group or Retained Group nor any of their respective Representatives gives or makes any warranty or representation whatsoever as to the accuracy of the forecasts, assumptions, estimates (including estimates of value), statements of intent or statements of honestly expressed opinion provided to any of the members of the Purchaser's Group or their respective Representatives or by means of and any other information supplied to or made available to the Purchaser in the course of the Purchaser's due diligence exercise on or prior to the date of this Agreement;
- (c) none of the Warranties nor any other provision of any of the Share Purchase Documents nor any other document to be executed pursuant to any of the Share Purchase Documents shall be construed as a representation or warranty as to the future fulfilment of any assumption. In particular, and without prejudice to the generality of the foregoing, no representation or warranty is made as to the adequacy of the amount of the reserves relating to any member of the Target Group's business;
- (d) none of the Warranties nor any of the undertakings of the Seller given under any of the Share Purchase Documents nor any other provision of any of the Share Purchase Documents nor any other document to be executed pursuant to any of

the Share Purchase Documents shall be construed as a representation or warranty as to the future fulfilment of any assumption; and

- (e) notwithstanding anything otherwise contained in this Agreement or any of the other Share Purchase Documents, no provision of this Agreement nor of any of the other Share Purchase Documents, nor any other agreement or document to be executed pursuant to this Agreement or any other Share Purchase Document, shall be construed as constituting, directly or indirectly, such a representation or warranty as to the adequacy of the amount of the reserves relating to the business of any member of the Target Group or the Syndicates.

#### 11. **FRAUD**

None of the limitations in this Schedule and Clause 8 shall apply to any Claim which arises or is increased, or to the extent to which it arises or is increased, as the consequence of, or which is delayed as a result of, wilful misconduct, fraudulent misrepresentation or fraud on the part of the Sellers, any member of the Seller's Group, or any of their Representatives to the extent the Seller or any member of the Seller's Group shall be vicariously liable for the wilful misconduct, fraudulent misrepresentation or fraud of any such Representative.

## **SCHEDULE 6**

### **(PURCHASER WARRANTIES)**

#### **1. CAPACITY**

- 1.1 The Purchaser is validly incorporated, in existence and duly registered under the laws of its jurisdiction of incorporation and has the legal right, requisite power, authority and capacity to execute and deliver, and to exercise its rights, enter into and perform its obligations under this Agreement and the other Share Purchase Documents to which it is a party.
- 1.2 The obligations of the Purchaser under this Agreement constitute, and the obligations of the Purchaser under the other Share Purchase Documents to which it is party will, when executed and delivered, constitute legal, valid and binding obligations of the Purchaser in accordance with their respective terms.
- 1.3 The execution and delivery of, and the performance by the Purchaser of its obligations under, this Agreement and the other Share Purchase Documents to which it is party will not:
  - (a) result in a material breach of any provision of the memorandum or articles of association of the Purchaser;
  - (b) result in a material breach of, or constitute a default under, any instrument to which it is a party or by which it is bound;
  - (c) so far as the Purchaser is aware, result in a breach of any order, judgment or decree of any court or governmental agency to which the Purchaser is a party or by which the Purchaser is bound in any jurisdiction;
  - (d) except as expressly set out in Schedule 2 (*Conditions to Completion*), require the consent, authorisation, licence or approval of or notice to the Purchaser's shareholders; or
  - (e) so far as it is aware, require any Regulatory Authority to authorise the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement or the performance by the Purchaser of its obligations under this Agreement.
- 1.4 The execution and delivery of, and the performance by the Purchaser of its obligations under this Agreement and the other Share Purchase Documents to which it is party will not result in a material breach of, or constitute a default under, any instrument to which the Purchaser is a party or by which the Purchaser is bound.
- 1.5 It is validly incorporated, in existence and good standing and duly registered under the laws of its jurisdiction of incorporation and has been in continuous existence since its incorporation.
- 1.6 The Purchaser is not insolvent or unable to pay its debts within the meaning of the Insolvency Act 1986 or any other applicable insolvency legislation in any jurisdiction, nor has it stopped paying its debts as they fall due.

1.7 No process is ongoing in any jurisdiction by or under which:

- (a) the Purchaser has been or may be liquidated, dissolved or struck off or placed into administration
- (b) a person has been or may be appointed in connection with the enforcement of any encumbrance over or affecting any of the assets or undertaking of the Purchaser; or
- (c) any composition in satisfaction of, or moratorium in respect of, the debts of the Purchaser or any scheme of arrangement or compromise between it and its creditors or any class of its creditors (including a restructuring plan under Part 26A of the Companies Act 2006) has been or may be put in place.



## **SCHEDULE 7**

### **(CONDUCT OF TARGET GROUP'S BUSINESS BEFORE COMPLETION)**

#### **1. CONDUCT OF TARGET GROUP'S BUSINESS BEFORE COMPLETION**

##### **1.1 The acts and matters for the purposes of Clause 4.1 are as follows:**

- (a) make any material change in the nature or organisation of its business (including any discontinuance or cessation of the operation of all or a material part of its business, whether commencing or closing new lines of business or otherwise) which would materially affect any of the Target Companies;
- (b) enter into, materially amend or terminate any Material Contract (excluding Insurance Contracts (and any other arrangements ancillary thereto including binding agreements and delegations), Material Reinsurance Contracts and Material Inwards Reinsurance Contracts) with any person;
- (c) resolve to be voluntarily wound up or otherwise to enter into, establish, commence or participate in, or agree to enter into, establish, commence or participate in any plan or arrangement which would result in the complete or partial dissolution, liquidation, merger, consolidation, restructuring, recapitalisation or other reorganisation;
- (d) appoint or dismiss (save for in the case of gross misconduct) or make any change to the remuneration in excess of 5% of then current remuneration or any material change to the other terms and conditions of employment (including change in control benefits, severance arrangements, pension benefits or other benefits) of any Senior Employee, save where required by Applicable Law;
- (e) induce, or attempt to induce, any Senior Employee, whether directly or indirectly, to terminate their employment;
- (f) sell, transfer, auction or "drop" any rights to participate as a Member of Syndicate 1200, or enter into any agreement to allow any person to share (economically or otherwise) in a participation on Syndicate 1200, save for in accordance with this Agreement;
- (g) carry out the underwriting or reinsurance for and on behalf of the Members of the Syndicates, (i) other than in accordance with the then current syndicate business plan for the relevant Syndicate subject to such variations as would not require Lloyd's to agree to a variation to such plan;
- (h) enter into any inter-syndicate loans or borrowings on behalf of Syndicate 1200 or permit Syndicate 1200 to enter into any new borrowings or facilities with any person;
- (i) make any material amendments to the investment strategy for investments held by or on behalf of the Target Group for the Syndicate as in place at the date of this Agreement, except as may be reasonably required to comply with Clause 4.1;

- (j) make any capital expenditure which together with all other capital expenditure entered into between the date of this Agreement and Completion, exceeds the sum of \$2,000,000 in aggregate;
- (k) create, allot or issue any shares or loan capital or securities or agree, arrange or undertake to do any of those things;
- (l) grant any option over or other right to subscribe, call (whether by subscription or otherwise) or purchase, or redeem, buy back, repay or reduce, any share or loan capital or securities of any Target Group Company or securities convertible into any of the foregoing or vary any class rights attached to any Target Company's shares;
- (m) create any Third Party Right over the Shares or Subsidiary Shares;
- (n) redeem or purchase any uncalled or unpaid liability in respect of any shares, or any capital redemption reserve, share premium account or other reserve that is not freely distributable;
- (o) capitalise any amount standing to the credit of any reserve or otherwise split, combine, reclassify or reorganise its share capital or loan capital;
- (p) authorise any transfer of shares;
- (q) enter into any joint venture, consortium (other than Lloyd's consortia) or partnership;
- (r) declare, authorise, make or pay any dividend or other distribution to shareholders (whether in cash, stock or kind);
- (s) alter, amend or vary any of the accounting principles, practices, estimation techniques, measurement bases, procedures and policies (including in relation to the exercise of accounting discretion or judgement or claims administration) or reserving methodologies, assumptions, policies or principles of the Target Companies unless such alteration, amendment or variation is required by Applicable Law or relevant accounting requirements;
- (t) enter into any new agreement or arrangements with any member of the Retained Group (excluding fronting arrangements between any Target Company and any member of the Retained Group in accordance with the Fronting Principles);
- (u) change its residence for Tax purposes or establish any office, branch or permanent establishment in any jurisdiction other than its jurisdiction of incorporation;
- (v) make or change any material Tax election applicable to a Target Company, including any election to change the entity classification of any Group Company for U.S. federal income tax purposes;
- (w) other than as may be required or recommended by any legislative, regulatory, accounting or Tax requirement or practice, change any annual Tax accounting

period, adopt or change any basis, accounting method, policy, principles or practice relating to Tax or Tax accounting in any material way;

- (x) other than as may be required by Applicable Law and is in the ordinary course of business, materially amend, retract or re-submit any Tax return which has previously been submitted to a Taxation Authority, or materially amend, disclaim or revoke any Tax refund or Tax relief or any claim, surrender or election relating to Tax which has previously been received or submitted or notified to any Taxation Authority or otherwise given effect pursuant to Applicable Law;
- (y) settle, compromise, agree or materially negotiate any material audit, enquiry, assessment, dispute or litigation relating to Tax with any Taxation Authority or consent to any extension or waiver of the limitation period relating to Tax;
- (z) sell, license, otherwise dispose of, terminate its use, fail to renew or fail to take any action to defend or preserve any Intellectual Property owned or used by any of the Target Companies which is material to their business(es);
- (aa) grant any guarantee or indemnity for the obligations of any person (other than any member of the Target Group);
- (bb) acquire or dispose of, or enter into any arrangement to acquire or dispose of, any material assets, businesses or undertakings or any material revenues or assume or incur, or agree to assume or incur, any material liability, obligation or expense of the Target Group in each case otherwise than in the ordinary course of business;
- (cc) save in respect of any investment assets in respect of the insurance business of any Target Company in accordance with the investment guidelines of the applicable Target Company as of the relevant date, acquire or enter into an agreement to acquire shares, capital stock, options, bonds, debentures or other securities or the whole or any part of the undertaking of any person or consolidate with any person, enter into any demerger transaction or participate in any other type of corporate reconstruction;
- (dd) save in respect of investment management actions in relation to FAL that are consistent with practice prior to signing this Agreement, create or grant any option, right to acquire, mortgage, charge, pledge, lien (other than a lien arising by operation of law) or other form of security or encumbrance or equity on, over or affecting the whole or any material part of its undertaking or assets (other than rights arising under retention of title clauses in the ordinary course of business);
- (ee) incur any Indebtedness (other than the receipt of trade credit in the ordinary course of business or pursuant to and in accordance with the limits subsisting at the date of this Agreement);
- (ff) lend any money (other than the granting of any trade credit in the ordinary course of business) to any person (other than any member of the Target Group);

- (gg) accelerate or delay the collection or payment of any account receivable or account payable beyond or in advance of its due date, other than in the ordinary course of business;
- (hh) change its name or alter any part of its articles of association or equivalent constitutional documents (or resolve to do so, except as otherwise required by this Agreement);
- (ii) fail to renew such insurance policies as are normally maintained by prudent companies carrying on business similar to that of the Target Companies or do, allow or procure any act or omission which would void or render voidable such insurances;
- (jj) amend any of its risk management or governance procedures or policies in any material respect;
- (kk) make any material change to its claims handling, processing and payment policies, guidelines or practices (including with respect to the time for handling, processing and paying claims), except as required by Applicable Law;
- (ll) commence, discontinue, compromise or settle any litigation or arbitration proceedings, where the settlement or compromise is likely to exceed:
  - (i) \$5,000,000 in respect of aggregate claims related to the Target Companies' insurance business (save that, for the purposes of the Warranty set forth in paragraph 7.6(f) of Schedule 4, such amount shall be deemed to be \$10,000,000);
  - (ii) \$250,000 in respect of any other claim,
 other than debt collection in the ordinary course of business;
- (mm) agree to any compromise or settlement of any disciplinary or enforcement action pursued by any Regulatory Authority in relation to the business of any member of the Target Group or any Representative of the Target Group;
- (nn) surrender, vary, limit, or allow to lapse any Regulatory Authorisation other than Regulatory Authorisations that are *de minimis* to the Target Business;
- (oo) make any new application for any new regulatory licences or permissions;
- (pp) change its accounting reference date; or
- (qq) enter into any agreement (conditional or otherwise) to do any of the foregoing.

## SCHEDULE 8

### (EMPLOYMENT)

#### 1. RETAINED EMPLOYEES

1.1 For the purposes of this Schedule 8, “**Retained Employees**” shall mean those employees employed by Argo Management Services Limited or any other Target Company who do not work predominantly for, or are not assigned or dedicated to, the business of the Target Companies, as agreed between the Parties prior to the date of this Agreement.

1.2 At its sole cost and expense, the Seller or one of its Affiliates shall, no later than twenty (20) Business Days prior to the Completion Date, either (a) terminate the employment of the Retained Employees, or (b) make offers of employment to the Retained Employees to take effect on the Completion Date (“**Employment Offers**”) with such Employment Offers being made on employment terms that are the same or are in the aggregate no less favourable than the terms of employment for each Retained Employee immediately prior to or at Completion, or (c) enter into tripartite novation agreements between Argo Management Services Limited, the member of the Retained Group to become the employer, and the Retained Employees, to transfer all rights and obligations arising from the contracts of employment of the Retained Employees to such member of the Retained Group on or prior to Completion (each, a “**Novation Agreement**”).

1.3 In the event that, following Completion, the Seller or the Purchaser discovers that:

- (a) any (i) Retained Employee; or (ii) other employee of any Target Company who does not work predominantly for, or is not assigned or dedicated to, the Business of the Target Companies, has not accepted the Employment Offer or entered into a Novation Agreement; or
- (b) any employee of the Retained Group is otherwise for whatever reason found to, or claims to be, employed by a Target Company following Completion,

(in each case of subclauses (a) and (b) above, an “**Out-of-Scope Employee**”) the Seller shall indemnify the Purchaser and the Target Companies against losses suffered or incurred at any time by a the Purchaser or Target Company, in respect of the employment or termination of any Out-of-Scope Employee in the period from Completion until the termination of their employment in accordance with this Clause 1.3 and any notice, statutory or contractual redundancy or other contractual severance costs or other reasonable amounts payable arising from or in relation to such employment and/or termination of employment of any Out-of-Scope Employee, provided that:

- (i) the Purchaser promptly notifies the Seller that a Retained Employee has not, or has alleged that they have not, transferred to the Retained Group or that an employee of the Retained Group has transferred or alleged that they have transferred to the Target Group;
- (ii) within ten (10) Business Days of a notification under paragraph 1.3(a) of Schedule 8 (the “**Offer Period**”) the Seller or a member of the Seller’s

Group may offer such Out-of-Scope Employee employment in the Retained Group on the same terms; and

- (iii) where the Seller (or a member of the Seller's Group, if applicable) fails to make an offer of employment, or the Out-of-Scope Employee rejects such offer, the Purchaser will serve notice to terminate the employment of such Out-of-Scope Employee within twenty (20) Business Days following the expiry of the Offer Period. The Purchaser shall comply with its obligations to conduct a fair termination process pursuant to Applicable Law when carrying out such termination,

in each case, save where any losses arise directly from a discriminatory, fraudulent or dishonest act or omission towards such Out-of-Scope Employee by the Purchaser between the Completion Date and the date of termination of employment of such Out-of-Scope Employee.

**SCHEDULE 9**  
**(BASIC INFORMATION ABOUT THE TARGET GROUP)**

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**SCHEDULE 10**

**(RELEVANT PROPERTY)**

Particulars of Relevant Properties

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## SCHEDULE 11

### (PREPARATION OF COMPLETION BALANCE SHEET)

1. **DRAFT COMPLETION BALANCE SHEET AND NET ASSET STATEMENT**
  - 1.1 The Purchaser will procure that the following are prepared in accordance with the provisions of this Schedule 11 and delivered to the Seller within 90 Business Days of Completion:
    - (a) draft Completion Balance Sheet in the form included in Schedule 13 and otherwise prepared in accordance with the provisions of paragraph 3 of this Schedule 11 (the “**Draft Completion Balance Sheet**”); and
    - (b) a draft Net Assets Statement, substantially in the form set out in Part 3 of Schedule 12 (the “**Draft Net Assets Statement**”).
  2. **COMPLETION BALANCE SHEET AND NET ASSET STATEMENT**
    - 2.1 Following delivery of the Draft Completion Balance Sheet and Draft Net Assets Statement to the Seller and until the Completion Balance Sheet has been agreed or determined in accordance with the provisions of this Schedule 11, the Purchaser shall, and shall procure that each Target Company shall, give the Seller and its Representatives reasonable access, at reasonable times and on reasonable notice, to all records, working papers and other information relating to the Draft Completion Balance Sheet and their preparation (including any such records, working papers and other information held by their accountants and other advisers) to enable the Seller to agree and determine the Completion Balance Sheet and Net Asset Statement.
    - 2.2 The Seller will, before the end of 15 Business Days following receipt of the Draft Completion Balance Sheet and Draft Net Assets Statement, notify the Purchaser in writing that (i) it agrees with the Draft Completion Balance Sheet and Draft Net Assets Statement, or (ii) it disagrees with the Draft Completion Balance Sheet and Draft Net Assets Statement, setting out the items which it disputes and the basis upon which it disputes such items (such notice, an “**Objection Notice**”). The Seller and the Purchaser shall be deemed to have agreed on all amounts in the Draft Completion Balance Sheet and the Draft Net Assets Statement that are not disputed in the Objection Notice.
    - 2.3 If:
      - (a) the Seller agrees with the Draft Completion Balance Sheet and Draft Net Assets Statement (either as original submitted by the Seller or after adjustments agreed between the Seller and the Purchaser);
      - (b) the Seller fails to deliver an Objection Notice within the 15 Business Day period referred to in paragraph 2.2; or
      - (c) the purported Objection Notice delivered by the Seller fails to set out the items which the Seller disputes or the basis upon which it disputes such items,

then the Draft Completion Balance Sheet and Draft Net Assets Statement (incorporating any agreed adjustments) shall constitute the “Completion Balance Sheet” and the “Net Assets Statement” for purposes of this Agreement and shall be final and binding on the Seller and the Purchaser.

- 2.4 If the Seller delivers an Objection Notice, then the Seller and the Purchaser shall endeavour in good faith to agree on the matters in dispute set out in the Objection Notice. To the extent that any matters in dispute are agreed by the Seller and the Purchaser, these shall be deemed to form part of the Draft Completion Balance Sheet and/or Draft Net Assets Statement.
- 2.5 To the extent the Seller and the Purchaser are unable to agree on all of the matters in dispute set out in the Objection Notice within 15 Business Days of the Objection Notice having been received by the Purchaser, the matters set out in such Objection Notice remaining in dispute, and no other matters, may be referred by either the Seller or the Purchaser to a firm of internationally recognised independent chartered accountants jointly agreed upon between the Seller and the Purchaser or (failing such agreement) appointed, at the request of either the Seller or the Purchaser at any time, by the President from time to time of the Institute of Chartered Accountants in England and Wales, which firm (the “**Independent Accountants**”) shall then determine the remaining matters in dispute.
- 2.6 The following terms of reference will apply to any such appointment of Independent Accountants:
  - (a) the Independent Accountants shall be instructed to notify the Seller and the Purchaser in writing of its determination of the matters in dispute as soon as is reasonably practicable;
  - (b) in giving such determination, the Independent Accountants shall state what adjustments (if any) are necessary to the Draft Completion Balance Sheet and Draft Net Assets Statement in respect of each of the matters in dispute set out in the Objection Notice and remaining in dispute, and no other matters, in order to comply with the requirements of this Agreement;
  - (c) the Seller and the Purchaser shall be entitled to make written submissions to the Independent Accountants, but subject thereto, the Independent Accountants shall have power to determine the procedure to be followed in relation to its determination;
  - (d) in making such submissions the Seller and the Purchaser shall state their respective best estimates of monetary amounts of the matters referred for determination;
  - (e) any such Independent Accountants shall act as an expert (and not as an arbitrator) in making any such determination, which shall in the absence of manifest error be final and binding on the parties; and
  - (f) the expenses of any such determination by the Independent Accountants shall be borne between the Seller and the Purchaser in such proportions as the

Independent Accountants shall in its discretion determine, or, failing such discretion, equally between the Seller and the Purchaser.

- 2.7 The Seller and the Purchaser shall each use reasonable endeavours to procure that all records, working papers and other information within their respective possession or control as may be reasonably required by the Independent Accountants for the purposes of this Schedule 11 are promptly made available to the Independent Accountants, and each of the Seller and the Purchaser shall generally render all assistance reasonably necessary for the determination of the Completion Balance Sheet and the Net Asset Statement by the Independent Accountants.
- 2.8 Nothing in this paragraph 2 shall entitle a Party or the Independent Accountants access to any information or document which is protected by legal professional privilege, or which has been prepared by the other party or its accountants and other professional advisers with a view to assessing the merits of any claim or argument, provided that a Party shall not be entitled by reason of this paragraph 2.8 to refuse to supply such part or parts of documents as contain only the facts on which the relevant claim or argument is based.
- 2.9 Each Party shall, and shall procure that its Representatives shall, and shall instruct the Independent Accountants to, keep all information and documents provided to them pursuant to this paragraph 2 confidential and shall not use them for any purpose, except for disclosure or use in connection with the agreement and determination of the Completion Balance Sheet and the Net Asset Statement, the proceedings of the Independent Accountants or any other matter arising out of this Agreement or in defending any claim or argument or alleged claim or argument relating to this Agreement or its subject matter.
- 2.10 Any determination of the Independent Accountants under paragraph 2.6 shall be deemed to be incorporated into the Draft Completion Balance Sheet and the Draft Net Assets Statement, which, as adjusted by the alterations so determined by the Independent Accountants (if any), shall constitute the "Completion Balance Sheet" and the "Net Asset Statement" for purposes of this Agreement and shall be final and binding on the Seller and the Purchaser.

### 3. **BASIS OF PREPARATION**

- 3.1 The Completion Balance Sheet shall be drawn up in accordance with:
- (a) the following specific policies, bases, methods, practices and procedures:
    - (i) the Completion Balance Sheet shall be prepared in U.S. dollars. Conversion of all other currency values into U.S. dollars for this purpose shall be made using the applicable Exchange Rate for each relevant currency as at the Completion Date;
    - (ii) the Completion Balance Sheet shall reflect the position of the Target Group Companies as at the close of business on the Completion Date, which shall be treated as (A) the end of a financial reporting period (including performance of all normal year-end accounting procedures) and (B) the end of a tax accounting period;

- (iii) the Completion Balance Sheet shall be prepared on the basis that the Target Group is a going concern;
    - (iv) the Completion Balance Sheet shall be prepared on the basis set out in the below.
  - (b) to the extent not inconsistent with paragraph (a) above, be prepared on a consistent basis and using the same accounting and actuarial policies, principles, estimation techniques, measurements bases, practices and procedures utilised in the preparation of the Base Balance Sheet.
  - (c) To the extent not inconsistent with paragraphs (a) and (b) above, be prepared in accordance with US GAAP applied consistently with its application to the Base Balance Sheet.
- 3.2 The Completion Balance Sheet will represent the consolidated balance sheet for AUA, inclusive of legal and adjusting entities listed in Annex 1 to this Schedule II.
- Subsidiary balance sheets in the perimeter file are to be extracted from the general ledger (“GL”) as of the Completion Date with inter-company eliminations associated with those entities within the perimeter being included to achieve a consolidated presentation at the AUA level. The subsidiary balance sheets will be prepared in accordance with U.S. GAAP.
- 3.3 The Completion Balance Sheet will also include the following six transactions (in respect of which pro forma adjustments have been included in the Base Balance Sheet for information and demonstrative purposes based on the terms and conditions outlined in this Agreement:
- (a) Bermuda Property Quota Share – Quota share ceded to ARL for the net Bermuda property business retained by Argo (No. 604) Limited and Nomina No 550 LLP under the D&F/Casualty Reinsurance Agreement in the Agreed Form.
  - (b) [\*\*\*]
  - (c) [\*\*\*]
  - (d) Political Risk and Trade Credit – Adverse Development Cover (ADC) – ADC cover provided by ARL for agreed covers in respect of political risk and trade credit business under the TPV/PRI Reinsurance Agreement in the Agreed Form.
  - (e) U.S. Casualty Quota Share – Quota share ceded to ARL for the net U.S. casualty business retained by Argo (No. 604) Limited and Nomina No 550 LLP under the D&F/Casualty Reinsurance Agreement in the Agreed Form.
  - (f) Political Violence and Terrorism – Adverse Development Cover and Quota Share – cover provided by ARL for agreed covers in respect of political violence and terrorism business under the TPV/PRI Reinsurance Agreement in the Agreed Form.



## Annex 1

Entities comprising the perimeter:

Argo Global Underwriting Limited (Dubai)
Argo Underwriting Agency
Argo Managing Agency
Argo Direct Limited
Argo Management Services
Argo Global Underwriting Asia
Nameco - Ordinary Shareholder – Company 604
Nameco - A Shareholder – Company 616
Nameco - Hannover – Company 607
Nameco - Berkshire Hathaway – Company 617
Nameco - Everest – Company 703
Nameco - XL – Company 704
Nameco - Sampo – Company Alpha
Nameco - Nomina 550 LLP - Company
Nameco-Sadu Re – Company Chi
Nameco - ANDI – Company Delta
Nameco - Epsilon - Company
Nameco - Zeta - Company
Affinibox, Inc.
Ariel P&C
Nameco-ACML1910

**SCHEDULE 12**  
**(BASE BALANCE SHEET)**

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**SCHEDULE 13**  
**(FORM OF COMPLETION BALANCE SHEET)**

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**SCHEDULE 14**  
**(REINSURANCE PROTOCOLS)**

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**SCHEDULE 15**  
**(TAX COVENANT)**

**PART A**

**1. DEFINITIONS AND INTERPRETATION**

**1.1** In this Schedule 15, unless the context requires otherwise:

**“Accounting Period”** means any period by reference to which any income, profits or gains, or any other amounts relevant for the purposes of Tax, are measured or determined;

**“Accounts Relief”** means:

- (a) a Relief (including any Right to Repayment) that has been treated as an asset in the Completion Balance Sheet, other than any DTA Relief; or
- (b) a Relief which has been taken into account in computing a provision for deferred Tax which appears in the Accounts or which has resulted in no provision for deferred Tax being made in the Accounts, other than any DTA Relief;

**“Actual Tax Liability”** means any liability of any Target Company (including any increase in any liability of a Target Company) to make or suffer an actual payment of, in respect of or on account of Tax with the amount of the Tax Liability being the amount of the actual liability to make or suffer such payment;

**“DTA Relief”** means such Relief or Reliefs treated as a deferred tax asset in the Base Balance Sheet and (collectively) giving rise to and being assumed (for the purposes of the Base Balance Sheet) to have a value equal to the DTA Assumed Savings Amount;

**“DTA Assumed Savings Amount”** means \$33,500,000 (being the amount of Tax which, as at the Base Balance Sheet Date, is determined for the purposes of the Base Balance Sheet (using reasonable assumptions) as being potentially capable of being saved with respect to Events or income, profits or gains earned, accrued or received after the Base Balance Sheet Date as a result of the use or set off of DTA Reliefs);

**“Effective Tax Liability”** has the meaning given in paragraph 1.2 of Part A of this Schedule 15;

**“Event”** includes, without limitation, any act, omission, event, circumstance or transaction and includes, without limitation, the declaration or making of any distribution, the making of any loan, the acquisition or disposal of any asset, the making of any supply or payment, becoming or ceasing to be a member of any group or partnership or any other association for any purpose, the death of any individual, any change in the residence of any person for Tax purposes, the expiry of any period of time, the entering into and performance of this Agreement, satisfaction of any condition pursuant to this Agreement and Completion;

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**“non-availability”** (and derivative terms) includes and relates to loss, reduction, modification, cancellation, nullification, disallowance, clawback, non-payment, non-availability (including non-availability ab initio) and non-existence;

**“Purchaser’s Group”** means the Purchaser and any companies within the same group or association of companies as the Purchaser for any relevant Tax purposes, including without limitation a Target Company after the Completion Date;

**“Purchaser’s Relief”** means:

- (a) any Relief arising at any time to the Purchaser or to any member of the Purchaser’s Group (other than a Target Company);
- (b) any Relief of a Target Company to the extent that the same arises as a consequence of or by reference to an Event occurring after Completion or by reference to any period ending or any income, profits or gains earned, received or accrued after Completion;
- (c) any Accounts Relief; or
- (d) any DTA Relief.

**“Relief”** means any relief, loss, allowance, claim, credit, exemption, deduction, set off, or Right to Repayment or payment of or in respect of Tax or relevant to the computation of Tax, and any reference to the ‘use or set-off’ of a Relief shall be construed accordingly and shall include use or set-off in part;

**“Right to Repayment”** means any right to repayment of or in respect of Tax and includes any repayment supplement or interest in respect thereof;

**“Tax Authority Interaction”** means:

- (a) any claim, notice, demand, assessment, determination, letter or other document issued or any other action taken by or on behalf of any Tax Authority; or
- (b) the preparation, amendment or submission to a Tax Authority after Completion of any return, computation or assessment by or on behalf of any Target Group Company;

from which it appears that the Purchaser has or may have a claim against the Seller under Part B of this Schedule 15; and

**“Tax Liability”** means any Actual Tax Liability or Effective Tax Liability.

- 1.2 In this Schedule, **“Effective Tax Liability”** shall mean the use or set-off of any Purchaser’s Relief against any Tax or against income, profit or gains earned, accrued or received in circumstances where, but for such utilisation or set-off, an Actual Tax Liability would have arisen in respect of which the Seller would have been liable to the Purchaser under this Schedule disregarding the financial limitations in Schedule 5.
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1.3 The value of an Effective Tax Liability shall (for the purposes of the covenant set out in paragraph 2 of this Schedule) be the amount of Tax saved by such use or set-off of a Purchaser's Relief.

1.4 In this Schedule 15:

- (a) references to "**income, profits or gains**" earned, accrued or received on or before a particular date or in respect of a particular Accounting Period or part of an Accounting Period includes income, profits or gains which are deemed for the purposes of any Tax to have been earned, accrued or received at or before that date or in respect of that Accounting Period or that part of an Accounting Period;
- (b) references to an "**Event**" occurring on or before a particular date shall include an Event deemed for the purposes of any Tax to occur or which is otherwise treated or regarded as occurring on or before such date, and references to an Event occurring after a particular date shall include an event deemed for the purposes of any Tax to occur or which is otherwise treated or regarded as occurring after such date;
- (c) any reference to an Event occurring on or before Completion includes a series or combination of Events one or more of which occur or occurred on or before Completion provided that any such Event before Completion occurs outside the ordinary course of the relevant Target Company's business and any such Event on or after Completion occurs in the ordinary course of the relevant Target Company's business as carried on at Completion, pursuant to a legal obligation entered into before Completion or as a consequence of any action taken by, on behalf of or at the direction of the Seller;
- (d) the Accounting Period of a Target Company current at the time of Completion shall be deemed to end at that time so that:
  - (i) any Event occurring on the same day as, but after the time of, Completion shall be regarded as occurring in another Accounting Period; and
  - (ii) a Relief arising by reference to an Event occurring in the Accounting Period of a Target Company current at the time of Completion shall be apportioned by reference to whether an Event in respect of which that Relief arises occurred on or before Completion or after Completion.

## 2. **COVENANT**

2.1 Subject to paragraph 3 of this Schedule 15, Clause 10 and Schedule 5, the Seller covenants to pay to the Purchaser an amount equal to:

- (a) any Actual Tax Liability arising:
    - (i) in connection with or as a consequence of an Event which occurred on or before Completion; or
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- (ii) in respect of or with reference to any income, profits or gains which were earned, accrued or received on or before Completion;
- (b) the value of any Effective Tax Liability;
- (c) any liability of any Target Company to make any payment or repayment or to surrender any Purchaser's Relief, in each case to any party other than a Target Company, pursuant to group relief, group payment, tax consolidation or other tax grouping arrangements entered into before Completion; and
- (d) any reasonable costs and expenses suffered or incurred by the Purchaser and/or a Target Company in connection with any Tax Liability or other liability as is mentioned in this paragraph 2 (or claim for such Tax Liability or other liability).

### 3. **EXCLUSIONS**

3.1 The covenant in paragraph 2 of Part A of this Schedule 15 does not apply in respect of a Tax Liability (and there shall be no Claim for a breach of any Tax Warranty in respect of a Tax Liability) to the extent that:

- (a) the Tax Liability was paid or discharged before Completion and such payment or discharge has been reflected in the Completion Balance Sheet;
  - (b) the relevant Tax Liability has been settled or discharged on or before Completion without cost or loss to the Purchaser or any Target Company;
  - (c) payment has already been made in respect of the relevant liability under this Agreement, or pursuant to a statutory right of recovery;
  - (d) the relevant Tax Liability would not have arisen but for a voluntary act or transaction of any Target Company or the Purchaser after Completion, in circumstances where the Purchaser or any member of the Purchaser's Group or any Target Company knew or ought reasonably to have known that the act or transaction would give rise to the Tax Liability in question, other than an act or transaction which: (i) is in the ordinary course of business carried on by the relevant Group Company at Completion; or (ii) the relevant Target Company was legally committed to do under a commitment that existed on or before Completion; or (iii) is required to comply with any law or the published practice of any Tax Authority, or any regulatory, financial reporting or accounting practice or requirement whether coming into force or existing before, on or after Completion; or (iv) could not reasonably have been avoided;
  - (e) the relevant Tax Liability would not have arisen or would have been reduced or eliminated but for a failure or omission on the part of any Target Group Company to make an election, claim, surrender or disclaimer on or after Completion the making or claiming of which was properly taken into account in computing the provision for Tax in the Completion Balance Sheet and expressly notified as such to the Purchaser within a reasonable amount of time in order for the Target Company or the Purchaser to make such claim, election, surrender or disclaimer;
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- (f) the relevant Tax Liability would not have arisen but for the withdrawal or amendment by the Purchaser or any Target Company after Completion of any election, claim, surrender, disclaimer, notice or consent validly made before Completion by the Target Company in relation to any Relief; or
- (g) any Relief (other than a Purchaser's Relief) is or has been made available and can be utilised at no cost or loss to the relevant Target Company in order to eliminate or reduce a liability of any Target Company to make an actual payment of taxation, to the extent such liability to make an actual payment of Taxation would have arisen but for such Relief being or being made so available.

#### **4. DATE FOR PAYMENT**

- 4.1 Where the Seller becomes liable to make any payment pursuant to a Tax Claim under this Schedule 15, the Seller shall pay to the Purchaser in cleared funds the amount claimed or in question on the later of the date falling five (5) Business Days after demand is made for such amount to be paid and:
    - (a) where the Tax Claim involves the Purchaser or a Target Company having a liability to make a payment to any Tax Authority, the fifth (5th) Business Day before the date on which the amount in question is due and payable to the relevant Tax Authority without any interest, penalty, fine or surcharge arising in respect of it;
    - (b) where the Tax Claim is in respect of the utilisation or set-off of a Purchaser's Relief, the fifth (5th) Business Day after the date on which the Tax in question would have been due and payable (without any interest, penalty, fine or surcharge arising in respect of it) but for such utilisation or set-off; and
    - (c) where the Tax Claim is in respect of the DTA Reliefs Shortfall, the fifth (5th) Business Day after the date of the determination of non-availability of the relevant DTA Reliefs as is mentioned in paragraph 1.2 of Part B of Schedule 15.
  - 4.2 Where the Seller is liable to make any payment under this Schedule 15, the date for the payment of which is not determined pursuant to the foregoing provisions of this paragraph 4 (including, without limitation, where the Seller is liable to make any payment pursuant to Part B of this Schedule 15), the Seller shall pay to the Purchaser in cleared funds the amount in question on the fifth (5th) Business Day after demand is made for such amount to be paid.
  - 4.3 Any sum not paid by the Seller on a date determined pursuant to the foregoing provisions of this paragraph 4 shall bear interest on that sum from the due date until the date when the payment is actually made calculated on a daily basis at the rate of two per cent. (2%) per annum above the base lending rate from time to time of Barclays Bank plc. Such interest shall be paid as soon as reasonably practicable after the demand of the Purchaser.
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## **PART B**

### **5. DTA RELIEFS COVENANT**

5.1 Subject to paragraph 5.3 of Part B of this Schedule 15, Clause 10 and Schedule 5, the Seller covenants to pay to the Purchaser an amount equal to:

- (a) the amount of any DTA Reliefs Shortfall; and
- (b) any reasonable costs and expenses properly suffered or incurred by the Purchaser and/or a Target Company in connection with establishing the amount of any DTA Reliefs Shortfall and bringing a successful claim pursuant to this Part B of Schedule 15.

5.2 For the purposes of this Part B of Schedule 15, a “**DTA Reliefs Shortfall**” shall mean the amount by which the DTA Assumed Savings Amount would have been reduced as at the Base Balance Sheet Date if any DTA Reliefs which are (at any time) determined as a result of any Tax Authority Interaction which:

- (a) in the case of a Tax Authority Interaction falling within limb (a) of the definition thereof, has been finally settled or compromised with the relevant Tax Authority; or
- (b) in the case of a Tax Authority Interaction falling within limb (b) of the definition thereof, has been submitted to the relevant Tax Authority in circumstances in which the Seller has been given notice of the relevant Tax Authority Interaction and afforded the opportunity to exercise its rights under paragraph 1.5 of this Part B of Schedule 15 with respect thereto;

to have been non-available only as at the Base Balance Sheet Date (and, for the avoidance of doubt, without reference to any Event after the Base Balance Sheet Date which may result in such DTA Reliefs becoming non-available) and had not been taken into account in computing the DTA Assumed Savings Amount as at the Base Balance Sheet Date (but with the DTA Assumed Savings Amount otherwise being calculated on the basis of the same assumptions).

5.3 If the Purchaser or a Target Company becomes aware of any Tax Authority Interaction or any other circumstance which gives or may give rise to a claim under this Part B of Schedule 15, the Purchaser shall or the Purchaser shall procure that a Target Company shall, as soon as reasonably practicable and in any event within ten (10) Business Days, give written details of the relevant matters to the Seller but such notice shall not be a condition precedent to the liability of the Seller except to the extent that any amount due under paragraph 5.1 of this Part B of Schedule 15 is increased by such failure.

5.4 If the Seller so requests in writing, the Purchaser shall or shall procure that a Target Company shall supply the Seller with such available and relevant details, documentation, correspondence and information and shall (subject to paragraph 5.5) take such action as the Seller may reasonably request in writing to negotiate, avoid, dispute, resist, compromise, defend or appeal against the Tax Authority Interaction (including, with respect to a Tax Authority Interaction falling within limb (b) of the



definition thereof, by making such reasonable amendments to any relevant return, computation or assessment (or draft thereof) as the Seller may request), provided that:

- (a) the Seller shall not be entitled to require a Target Company to delegate the conduct of such action (or any part of it) to itself or any agent or professional adviser of the Seller; and
- (b) the Seller shall first indemnify any Target Company and the Purchaser to the reasonable satisfaction of the Purchaser against any loss, damages, reasonable costs and expenses, and liabilities (including any additional Tax) which may be suffered or incurred as a consequence of any action taken in accordance with this paragraph 5.4.

5.5 If the Seller does not request the Purchaser or a Target Company to take action pursuant to paragraph 5.4 within 15 Business Days of a notice of claim being given in accordance with paragraph 5.3, or the Seller fails to indemnify the Purchaser or a Target Company concerned as provided for in paragraph 5.4 above, the Purchaser or a Target Company shall be free to conduct and settle such Tax Authority Interaction on such terms as they may in their absolute discretion think fit without further reference to the Seller.

5.6 The Purchaser shall keep the Seller reasonably informed of the progress in pursuing and settling the relevant Tax Authority Interaction and shall, as soon as reasonably practicable, forward or procure to be forwarded to the Seller copies of (or the relevant parts of) all material correspondence pertaining to the Tax Authority Interaction.

5.7 The Purchaser shall not be obliged to take or procure the taking of the following actions:

- (a) contesting any Tax Authority Interaction falling within limb (a) of the definition thereof before any tribunal, court or other appellate body unless, at the sole expense of the Seller, the Seller obtains the written opinion of Tax counsel of at least 10 years call after disclosure of all relevant information and documents and having regard to all the circumstances, that the action has a reasonable prospect of success;
- (b) taking any action or procuring the taking of any action (including agreeing to the settlement or compromise of any Tax Authority Interaction or any proposal for the same) which it reasonably considers (i) may be materially prejudicial to the Tax affairs of the relevant Target Company, the Purchaser or any member of the Purchaser's Group or (ii) is contrary to the legal obligations of a Target Company; or
- (c) taking any action against any person who is at the time in question either an employee or director of any member of the Purchaser's Group, or any company that is at the time in question a member of the Purchaser's Group.

5.8 If it is alleged by any Tax Authority in writing, or there is any pending investigation or any Court judgment, that the Seller (at any time) or a Target Company (prior to the Completion Date) has committed any act or omission constituting fraud or gross negligence relating to the availability of the DTA Reliefs, paragraphs 5.4 to 5.7 shall not apply and the Seller shall cease to have any rights under that paragraph.

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**SCHEDULE 16 (BUSINESS LINES)**

<b>Major Line of Business (MLOB)</b>	<b>Class of Business (COB)</b>
Casualty (CAS)	General Casualty for US customers only Commercial General Liability
Financial Lines (FL)	Management Liability (Directors and Officers/Financial Institutions) Professional Liability (E&O)
Property (PROP)	Property
Specialty (SPEC)	Cyber Marine Cargo Transactional Liability Accident & Health

## SCHEDULE 17(INDEMNITIES)

### 6. INDEMNITIES

6.1 The Seller undertakes to the Purchaser to irrevocably and unconditionally indemnify the Purchaser against, and keep the Purchaser indemnified against, and covenants to pay to the Purchaser an amount in cash equal to any and all Losses suffered, sustained, incurred or paid by the Purchaser, any of its Affiliates or any Target Group Company arising out of, or in connection with:

- (a) any Excluded Liability;
  - (b) any Covered Liabilities arising out of or relating to the Indemnity Dormant Companies excluding:
    - (i) any Covered Liability in respect of (and to the extent to) which there is specific, identifiable on its face allowance, provision or reserve included in the Completion Balance sheet in respect of the relevant Indemnity Dormant Company; and
    - (ii) any Covered Liability which comprises a liability, cost, expense (including any accounting, filing or regulatory fee) or other payment relating to the ordinary course maintenance and administration of the relevant Indemnity Dormant Companies;
  - (c) any Covered Liabilities arising out of or relating to any sanction imposed by OFAC (whether by way of fine, civil monetary penalty or other financial imposition) in respect of the non-USD payment of £41,694.02 dated 13 April 2020 and made by Syndicate 1910 (on behalf of Ariel Re Bda Limited) in connection with the 2015 allision by a Singapore-flagged vessel named M/T Alpine Eternity with an Iranian-owned gas platform in the Persian Gulf (the “**OFAC Matter**”);
  - (d) any Covered Liabilities arising out of or relating to the Services Agreement dated 13 November 2018, entered into between ArgoGlobal Assicurazioni S.p.A and Argo Management Services Limited to the extent not adequately and specifically provided for in the Base Balance Sheet and/or the Completion Balance Sheet;
  - (e) any Covered Liabilities arising out of or relating to the operation or conduct of the business of, formation, investment or any action, inaction or omission or Syndicate 1910 or Syndicate 6117 or any member thereof in their role as such a member; and
  - (f) any Covered Liabilities arising out of or relating to the 'global' letter of claim from Rubric Lois king Solicitors dated 26 May 2022 (the “Letter of Claim”), including, for the avoidance of doubt, the facts or circumstances underlying the Letter of Claim, any appeals arising from the Letter of Claim, any parallel, consolidated or ancillary proceedings (including proceedings initiated by a Regulatory Authority) arising from Letter of Claim, and any other proceedings
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that arise from the same facts and circumstances as those set forth in the Letter of Claim..

- 6.2 No claim under paragraph 6.1 shall be brought against the Seller unless the Purchaser shall have given to the Seller written notice of such claim in accordance with paragraph 3 of Schedule 5 (*Limitations of the Seller's Liability*) not later than 6 years from the date of this Agreement.

## 7. GENERAL TERMS

- 7.1 In the event of any conflict between this paragraph 2 of Schedule 17 (*Indemnities*) and Schedule 5 (*Limitations of the Seller's Liability*), this paragraph 2 of Schedule 17 (*Indemnities*) shall take precedence.

### *Insurance recovery*

- 7.2 In respect of any Indemnification Claim made in respect of the OFAC Matter only, if any member of the Purchaser's Group is or may be entitled to claim under any policy of insurance in respect of such Indemnification Claim, the Purchaser shall (and shall procure that the relevant member of the Purchaser's Group shall) use all reasonable endeavours to pursue such an insurance claim and any amount recovered pursuant to such insurance claim (an "**OFAC Insurance Recovery**") shall, if recovered prior to determination of the Indemnity Claim, then reduce (or, if applicable, extinguish) the relevant claim in respect of the OFAC Matter by the amount so recovered (less all reasonable costs incurred by the Purchaser's Group in recovering such amount and any Tax computed by reference to the amount so recovered).
- 7.3 In the event that any member of the Purchaser's Group makes an insurance recovery (including an OFAC Insurance Recovery) in respect of the claim under paragraph 1.1 in respect of which the Purchaser previously recovered an amount from the Seller as a result of a claim in respect of paragraph 1.1 (the "**Relevant Claim**"), the Purchaser shall pay to the Seller an amount equal to the lesser of the amount of any such insurance recovery (less all reasonable costs incurred by the Purchaser's Group in recovering such amount and any Tax computed by reference to the amount so recovered) and the amount recovered from the Seller under the Relevant Claim. For the avoidance of doubt, no member of the Purchaser's Group shall (save as provided for under paragraph 2.1 above) be obliged to pursue any such insurance recovery as a condition to bringing a claim for indemnity under paragraph 1.1.
- 7.4 The Purchaser agrees to assign any rights of recovery that any of the Target Companies may have from Ariel Re after Completion in respect of the OFAC Matter to the Seller or a designee nominated by the Seller, but only to the extent of any amounts actually paid by the Seller to a Target Company in respect of the OFAC Matter provided that, where the Seller is advised by external legal counsel that the continued existence of any such right of recovery would be prejudiced by a recovery under the indemnity in paragraph 1.1(c) above, the parties shall acting in good faith (and at the expense of the Seller) seek to agree such alternative way of proceeding as preserves such right of recovery.

### *Third Party Claims and Consultation*

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- 7.5 Upon the Purchaser or any member of the Purchaser's Group becoming aware of any claim, action or demand against it by any third party likely to give rise to any claim under this Schedule 17 (*Indemnities*), the Purchaser shall, and shall procure that the relevant member of the Purchaser's Group shall, as soon as practicable and in any event within 10 Business Days of becoming aware of such claim notify the Seller by written notice in accordance with paragraph 3 of Schedule 5 (*Limitations of the Seller's Liability*). Notwithstanding the foregoing, no delay on the part of any member of the Purchaser's Group in notifying the Seller of such matters shall relieve the Seller from any obligation or otherwise affect the rights of the Purchaser unless (and then solely to the extent) that the Seller is actually prejudiced by such delay.
- 7.6 The Purchaser shall, and shall procure that each relevant member of the Purchaser's Group shall, in respect of any claim, action or demand against it by any third party likely to give rise to any claim under paragraph 1.1(c) in this Schedule 17 (*Indemnities*):
- (a) consult with the Seller in good faith with respect to the conduct by the Purchaser of any member of the Purchaser's Group of any such claim;
  - (b) subject to Clause 28, promptly take such action and give such information and access to personnel, premises, books, records and documents (including in electronic form) (which the Purchaser shall procure are preserved) to the Seller or other relevant member of the Retained Group and their professional advisers as the Seller or such other relevant member of the Retained Group may reasonably request from time to time in order to facilitate the Seller's consultations with the Purchaser in respect of the conduct of any such claim;
  - (c) make no admission of liability, agreement, settlement or compromise with any third party in relation to any such claim, action or demand or adjudication without first consulting with the Seller; and
  - (d) at the Seller's sole cost and expense, take or procure that there is taken all reasonable endeavours to mitigate any loss suffered by it or any member of the Purchaser's Group in respect of which a claim under any paragraph in this Schedule 17 (*Indemnities*) could be made.
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## **SCHEDULE 18 (FRONTING PRINCIPLES)**

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**IN WITNESS WHEREOF** this Agreement has been duly executed by each of the parties on the date first written above.

**EXECUTED** by **OHIO FARMERS INSURANCE COMPANY** acting by an authorised signatory

/s/ Joseph C. Kohmann

Name: Joseph C. Kohmann

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**SIGNED** for and on behalf of  
**ARGO INTERNATIONAL HOLDINGS LIMITED**

/s/ Dominic Kirby

Name: Dominic Kirby  
Title: Managing Director  
Date: 8 September 2022



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

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

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

Date: November 9, 2022

/s/ Thomas A. Bradley

Thomas A. Bradley  
 Chief Executive Officer and Director

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

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

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

Date: November 9, 2022

/s/ Scott Kirk  
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Scott Kirk  
Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q of Argo Group International Holdings, Ltd. (the “Company”) for the quarterly period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Thomas A. Bradley, as Chief Executive Officer and Director of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

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

\* \* \*

Certified this 9th day of November 2022

/s/ Thomas A. Bradley

Thomas A. Bradley

Chief Executive Officer and Director

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

In connection with the Quarterly Report on Form 10-Q of Argo Group International Holdings, Ltd. (the “Company”) for the quarterly period ended September 30, 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 9th day of November 2022

/s/ Scott Kirk

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Scott Kirk

Chief Financial Officer