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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 June 30, 2021

or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____**

Commission file number: 1-15259

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

Bermuda
(State or other jurisdiction of incorporation or organization)

98-0214719
(I.R.S. Employer Identification Number)

90 Pitts Bay Road
Pembroke HM08
Bermuda
(Address of principal executive offices)

P.O. Box HM 1282
Hamilton FX HM
Bermuda
(Mailing address)

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

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

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value of $1.00 per share	**ARGO**	**New York Stock Exchange**
Guarantee of Argo Group U.S., Inc. 6.500% Senior Notes due 2042	**ARGD**	**New York Stock Exchange**
Depositary Shares, each representing a 1/1000th Interest in a share of Series A 7.00% Non-Cumulative Preference Shares, par value $1.00 per share	**ARGOPrA**	**New York Stock Exchange**

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

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

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

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

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

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

Indicate the number of shares outstanding (net of treasury shares) of each of the issuer's classes of common shares as of August 4, 2021.

Title	Outstanding
Common Shares, par value $1.00 per share	34,852,439

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)

	June 30, 2021	December 31, 2020
	(Unaudited)	
Assets		
Investments:		
Fixed maturities available-for-sale, at fair value (cost: 2021 - $3,981.2, 2020 - $3,981.1; allowance for expected credit losses: 2021 - $6.4, 2020 - $6.6)	$ 4,057.7	$ 4,107.1
Equity securities, at fair value (cost: 2021 - $129.5; 2020 - $162.5)	185.7	176.7
Other investments (cost: 2021 - $412.3; 2020 - $429.4)	412.3	429.4
Short-term investments, at fair value (cost: 2021 - $529.2; 2020 - $541.4)	530.2	542.6
Total investments	5,185.9	5,255.8
Cash	190.7	148.8
Accrued investment income	20.8	21.8
Premiums receivable	681.7	679.8
Reinsurance recoverables	2,859.9	3,009.0
Goodwill	147.3	147.3
Intangible assets, net of accumulated amortization	60.5	60.5
Current income taxes receivable, net	—	3.0
Deferred tax asset, net	32.3	16.7
Deferred acquisition costs, net	168.2	163.6
Ceded unearned premiums	591.0	575.1
Operating lease right-of-use assets	78.8	82.0
Other assets	348.0	294.7
Assets held for sale	3.2	7.7
Total assets	$ 10,368.3	$ 10,465.8
Liabilities and Shareholders' Equity		
Reserves for losses and loss adjustment expenses	$ 5,238.6	$ 5,406.0
Unearned premiums	1,473.7	1,464.8
Accrued underwriting expenses and other liabilities	207.4	167.6
Ceded reinsurance payable, net	920.2	950.4
Funds held	73.0	64.7
Senior unsecured fixed rate notes	140.2	140.2
Other indebtedness	60.4	60.7
Junior subordinated debentures	258.0	257.8
Current income taxes payable, net	5.3	—
Operating lease liabilities	93.6	95.8
Total liabilities	8,470.4	8,608.0
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 June 30, 2021 and December 31, 2020, respectively; liquidation preference $25,000	144.0	144.0
Common shares - $1.00 par, 500,000,000 shares authorized; 46,158,916 and 46,009,966 shares issued at June 30, 2021 and December 31, 2020, respectively	46.2	46.0
Additional paid-in capital	1,383.1	1,380.2
Treasury shares (11,315,889 shares at June 30, 2021 and December 31, 2020, respectively)	(455.1)	(455.1)
Retained earnings	756.5	684.1
Accumulated other comprehensive income, net of taxes	23.2	58.6
Total shareholders' equity	1,897.9	1,857.8
Total liabilities and shareholders' equity	$ 10,368.3	$ 10,465.8

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 June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Premiums and other revenue:				
Earned premiums	$ 470.3	$ 433.4	$ 936.4	$ 868.4
Net investment income	52.7	1.4	97.1	37.0
Net realized investment gains (losses):				
Net realized investment gains	4.0	10.6	2.7	38.4
Change in fair value of equity securities	20.3	15.1	35.8	(24.2)
Credit gains (losses) on fixed maturity securities	0.4	(7.8)	(0.7)	(32.5)
Net realized investment gains (losses)	24.7	17.9	37.8	(18.3)
Total revenue	547.7	452.7	1,071.3	887.1
Expenses:				
Losses and loss adjustment expenses	271.6	273.2	579.2	554.1
Underwriting, acquisition and insurance expenses	177.3	159.8	353.7	327.9
Non-operating expenses	10.8	3.5	12.7	6.8
Interest expense	5.7	7.0	10.8	14.8
Fee and other (income) expense, net	(0.8)	(1.0)	(0.7)	(1.9)
Foreign currency exchange losses	4.4	4.3	5.7	5.2
Total expenses	469.0	446.8	961.4	906.9
Income (loss) before income taxes	78.7	5.9	109.9	(19.8)
Income tax provision	8.9	11.3	10.3	10.3
Net income (loss)	$ 69.8	$ (5.4)	$ 99.6	$ (30.1)
Dividends on preferred shares	2.7	—	5.3	—
Net income (loss) attributable to common shareholders	$ 67.1	$ (5.4)	$ 94.3	$ (30.1)
Net income (loss) attributable to common shareholders per common share:				
Basic	$ 1.93	$ (0.16)	$ 2.72	$ (0.87)
Diluted	$ 1.92	$ (0.16)	$ 2.70	$ (0.87)
Dividend declared per common share	$ 0.31	$ 0.31	$ 0.62	$ 0.62
Weighted average common shares:				
Basic	34,820,649	34,634,353	34,766,948	34,551,935
Diluted	35,012,780	34,634,353	34,983,804	34,551,935

See accompanying notes.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss)	$ 69.8	$ (5.4)	$ 99.6	$ (30.1)
Other comprehensive income (loss):				
Foreign currency translation adjustments	3.4	(4.2)	2.5	(7.6)
Defined benefit pension plans:				
Net gain arising during the year	1.9	—	1.9	—
Unrealized gains (losses) on fixed maturity securities:				
Gains (losses) arising during the year	33.3	152.9	(28.8)	30.1
Reclassification adjustment for (gains) losses included in net income	(15.2)	(16.5)	(19.2)	(19.9)
Other comprehensive income (loss) before tax	23.4	132.2	(43.6)	2.6
Income tax provision related to other comprehensive income (loss):				
Defined benefit pension plans:				
Net gain arising during the year	0.4	—	0.4	—
Unrealized gains (losses) on fixed maturity securities:				
Gains (losses) arising during the year	5.5	27.0	(6.3)	5.9
Reclassification adjustment for gains included in net income	(1.5)	(2.6)	(2.3)	(0.7)
Income tax provision (benefit) related to other comprehensive income (loss)	4.4	24.4	(8.2)	5.2
Other comprehensive income (loss), net of tax	19.0	107.8	(35.4)	(2.6)
Comprehensive income (loss)	$ 88.8	$ 102.4	$ 64.2	$ (32.7)

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
Balance, March 31, 2020	$ —	$ 45.9	$ 1,374.2	$ (455.1)	$ 750.4	$ (101.9)	$ 1,613.5
Net loss	—	—	—	—	(5.4)	—	(5.4)
Other comprehensive income - Change in fair value of fixed maturities, net of taxes	—	—	—	—	—	112.0	112.0
Other comprehensive loss, net - Other	—	—	—	—	—	(4.2)	(4.2)
Activity under stock incentive plans	—	0.1	2.1	—	—	—	2.2
Retirement of common shares (tax payments on equity compensation)	—	—	(0.7)	—	—	—	(0.7)
Employee stock purchase plan	—	—	0.9	—	—	—	0.9
Cash dividend declared - common shares ($0.31/share)	—	—	—	—	(10.6)	—	(10.6)
Balance, June 30, 2020	$ —	$ 46.0	$ 1,376.5	$ (455.1)	$ 734.4	$ 5.9	$ 1,707.7
Balance, March 31, 2021	$ 144.0	$ 46.1	$ 1,381.3	$ (455.1)	$ 700.5	$ 4.2	$ 1,821.0
Net income	—	—	—	—	69.8	—	69.8
Other comprehensive income - Change in fair value of fixed maturities, net of taxes	—	—	—	—	—	14.1	14.1
Other comprehensive income, net - Other	—	—	—	—	—	4.9	4.9
Activity under stock incentive plans	—	0.1	2.2	—	—	—	2.3
Retirement of common shares (tax payments on equity compensation)	—	—	(1.0)	—	—	—	(1.0)
Employee stock purchase plan	—	—	0.6	—	—	—	0.6
Dividends on preferred shares	—	—	—	—	(2.7)	—	(2.7)
Cash dividend declared - common shares ($0.31/share)	—	—	—	—	(11.1)	—	(11.1)
Balance, June 30, 2021	$ 144.0	$ 46.2	$ 1,383.1	$ (455.1)	$ 756.5	$ 23.2	$ 1,897.9

See accompanying notes.

ARGO GROUP INTERNATIONAL HOLDINGS, LTD.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (continued)
(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
Balance, December 31, 2019	$ —	$ 45.7	$ 1,376.6	$ (455.1)	$ 793.7	$ 2.8	$ 1,763.7
Net loss	—	—	—	—	(30.1)	—	(30.1)
Other comprehensive income - Change in fair value of fixed maturities, net of taxes	—	—	—	—	—	5.0	5.0
Other comprehensive loss, net - Other	—	—	—	—	—	(7.6)	(7.6)
Activity under stock incentive plans	—	0.4	4.9	—	—	—	5.3
Retirement of common shares (tax payments on equity compensation)	—	(0.1)	(6.4)	—	—	—	(6.5)
Employee stock purchase plan	—	—	1.4	—	—	—	1.4
Cash dividend declared - common shares ($0.62/share)	—	—	—	—	(21.3)	—	(21.3)
Cumulative effect of adoption of ASU 2016-13, net of taxes	$ —	$ —	$ —	$ —	$ (7.9)	$ 5.7	(2.2)
Balance, June 30, 2020	$ —	$ 46.0	$ 1,376.5	$ (455.1)	$ 734.4	$ 5.9	$ 1,707.7
Balance, December 31, 2020	$ 144.0	$ 46.0	$ 1,380.2	$ (455.1)	$ 684.1	$ 58.6	$ 1,857.8
Net income	—	—	—	—	99.6	—	99.6
Preferred shares issued	—	—	—	—	—	—	—
Other comprehensive loss - change in fair value of fixed maturities, net of taxes	—	—	—	—	—	(39.4)	(39.4)
Other comprehensive income, net - other	—	—	—	—	—	4.0	4.0
Activity under stock incentive plans	—	0.2	4.3	—	—	—	4.5
Retirement of common shares (tax payments on equity compensation)	—	—	(2.4)	—	—	—	(2.4)
Employee stock purchase plan	—	—	1.0	—	—	—	1.0
Dividends on preferred shares	—	—	—	—	(5.3)	—	(5.3)
Cash dividend declared - common shares ($0.62/share)	—	—	—	—	(21.9)	—	(21.9)
Balance, June 30, 2021	$ 144.0	$ 46.2	$ 1,383.1	$ (455.1)	$ 756.5	$ 23.2	$ 1,897.9

See accompanying notes.

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

	For the Six Months Ended June 30,	
	2021	2020
Cash flows from operating activities:		
Net income (loss)	$ 99.6	$ (30.1)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization and depreciation	14.8	14.1
Share-based payments expense	4.5	5.4
Deferred income tax benefit, net	(6.8)	(10.9)
Net realized investment (gains) losses	(37.8)	18.3
Undistributed earnings from alternative investment portfolio	(50.6)	20.9
Loss on disposals of long-lived assets, net	1.7	0.2
Change in:		
Accrued investment income	1.1	2.3
Receivables	151.3	37.3
Deferred acquisition costs	(4.4)	5.1
Ceded unearned premiums	(15.0)	(115.6)
Reserves for losses and loss adjustment expenses	(170.9)	98.5
Unearned premiums	6.6	82.2
Ceded reinsurance payable and funds held	(22.5)	(148.1)
Income taxes	8.5	18.8
Accrued underwriting expenses and other liabilities	23.8	(63.8)
Other, net	(16.4)	(37.7)
Cash provided by (used in) operating activities	(12.5)	(103.1)
Cash flows from investing activities:		
Sales of fixed maturity investments	616.4	746.0
Maturities and mandatory calls of fixed maturity investments	394.8	255.0
Sales of equity securities	33.5	8.1
Sales of other investments	62.3	94.2
Purchases of fixed maturity investments	(983.3)	(1,103.6)
Purchases of equity securities	(1.8)	(59.5)
Purchases of other investments	(31.5)	(14.3)
Change in foreign regulatory deposits and voluntary pools	35.9	5.0
Change in short-term investments	12.5	212.5
Settlements of foreign currency exchange forward contracts	(8.8)	7.0
Proceeds from sale of Trident assets	—	38.0
Purchases of fixed assets	(13.3)	(7.6)
Other, net	(37.6)	(5.0)
Cash (used in) provided by investing activities	79.1	175.8
Cash flows from financing activities:		
Activity under stock incentive plans	0.8	1.0
Payment of cash dividends to preferred shareholders	(5.3)	—
Payment of cash dividends to common shareholders	(21.9)	(21.3)
Cash used in financing activities	(26.4)	(20.3)
Effect of exchange rate changes on cash	1.7	(2.5)
Change in cash	41.9	49.9
Cash, beginning of year	148.8	137.8
Cash, end of period	$ 190.7	$ 187.7

See accompanying notes.

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

1. Basis of Presentation

The accompanying consolidated financial statements of Argo Group International Holdings, Ltd. and its subsidiaries (“Argo Group,” “Argo,” “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 for the year ended December 31, 2020, filed with the Securities and Exchange Commission ("SEC") on March 15, 2021.

The interim financial information as of, and for, the three and six months ended, June 30, 2021 and 2020 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.

Update on Trident Transaction

On April 30, 2020, we sold our Trident Public Risk Solutions (“Trident”) brand and underwriting platform. During the second quarter of 2021, the parties to the transaction agreed to amend the transaction and other related agreements associated with the sale of Trident to eliminate certain lines of business from the transaction. As a result, we recognized a $16.5 million reduction in the original gain on sale during the second quarter of 2021. Additionally, we recognized a $5.0 million gain during the second quarter of 2021 related to meeting certain post-closing performance conditions. This transaction is included in "Net realized investment gains (losses)" in our Consolidated Statements of Income (Loss) for the three and six months ended June 30, 2021.

2. Recently Issued Accounting Pronouncements

The Company has 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 June 30, 2021 and December 31, 2020 is $93.0 million and $140.3 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:

June 30, 2021

(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Fixed maturities					
U.S. Governments	$ 350.7	$ 8.6	$ 1.5	$ —	$ 357.8
Foreign Governments	209.9	4.1	1.1	0.2	212.7
Obligations of states and political subdivisions	185.5	7.5	0.5	—	192.5
Corporate bonds	1,956.0	55.4	11.0	6.2	1,994.2
Commercial mortgage-backed securities	342.2	10.6	1.7	—	351.1
Residential mortgage-backed securities	510.8	12.0	3.6	—	519.2
Asset-backed securities	121.1	2.6	0.4	—	123.3
Collateralized loan obligations	305.0	2.6	0.7	—	306.9
Total fixed maturities	$ 3,981.2	$ 103.4	$ 20.5	$ 6.4	$ 4,057.7

ecember 31, 2020

ı millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
ixed maturities					
U.S. Governments	$ 385.4	$ 14.7	$ 0.3	$ —	$ 399.8
Foreign Governments	284.1	11.6	0.7	0.2	294.8
Obligations of states and political subdivisions	163.1	7.7	0.3	0.1	170.4
Corporate bonds	1,925.9	75.3	13.3	6.1	1,981.8
Commercial mortgage-backed securities	324.8	15.2	0.3	—	339.7
Residential mortgage-backed securities	491.4	17.4	0.6	—	508.2
Asset-backed securities	120.5	2.9	0.4	0.2	122.8
Collateralized loan obligations	285.9	4.9	1.2	—	289.6
otal fixed maturities	$ 3,981.1	$ 149.7	$ 17.1	$ 6.6	$ 4,107.1

Contractual Maturity

The amortized cost and fair values of fixed maturity investments as of June 30, 2021, by contractual maturity, were as follows:

(in millions)	Amortized Cost	Fair Value
Due in one year or less	$ 284.5	$ 288.7
Due after one year through five years	1,596.3	1,630.2
Due after five years through ten years	714.6	729.9
Due after ten years	106.7	108.4
Structured securities	1,279.1	1,300.5
Total	$ 3,981.2	$ 4,057.7

The expected 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 June 30, 2021 and December 31, 2020 were as follows:

June 30, 2021

(in millions)	Carrying Value	Unfunded Commitments
Investment Type		
Hedge funds	$ 99.4	$ —
Private equity	243.1	67.9
Overseas deposits	65.1	—
Other	4.7	—
Total other investments	$ 412.3	$ 67.9

December 31, 2020

(in millions)	Carrying Value	Unfunded Commitments
Investment Type		
Hedge funds	$ 111.2	$ —
Private equity	211.4	80.0
Overseas deposits	102.1	—
Other	4.7	—
Total other investments	$ 429.4	$ 80.0

The following describes each investment type:

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

Unrealized Losses

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

June 30, 2021

	Less Than One Year		One Year or Greater		Total	
(in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturities						
U.S. Governments	$ 106.6	$ 1.5	$ —	$ —	$ 106.6	$ 1.5
Foreign Governments	97.6	0.9	—	0.2	97.6	1.1
Obligations of states and political subdivisions	22.4	0.3	0.4	0.2	22.8	0.5
Corporate bonds	476.9	8.6	26.9	2.4	503.8	11.0
Commercial mortgage-backed securities	76.6	1.5	7.0	0.2	83.6	1.7
Residential mortgage-backed securities	157.6	3.5	5.1	0.1	162.7	3.6
Asset-backed securities	16.4	0.4	3.1	—	19.5	0.4
Collateralized loan obligations	100.3	0.7	2.8	—	103.1	0.7
Total fixed maturities	$ 1,054.4	$ 17.4	$ 45.3	$ 3.1	$ 1,099.7	$ 20.5

December 31, 2020	Less Than One Year		One Year or Greater		Total	
(in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturities						
U.S. Governments	$ 40.6	$ 0.3	$ —	$ —	$ 40.6	$ 0.3
Foreign Governments	18.0	0.5	0.1	0.2	18.1	0.7
Obligations of states and political subdivisions	5.2	0.3	—	—	5.2	0.3
Corporate bonds	202.5	6.7	17.5	6.6	220.0	13.3
Commercial mortgage-backed securities	21.8	0.3	—	—	21.8	0.3
Residential mortgage-backed securities	74.4	0.4	3.0	0.2	77.4	0.6
Asset-backed securities	4.6	0.4	—	—	4.6	0.4
Collateralized loan obligations	121.1	0.9	49.1	0.3	170.2	1.2
Total fixed maturities	$ 488.2	$ 9.8	$ 69.7	$ 7.3	$ 557.9	$ 17.1

We hold a total of 5,244 fixed maturity securities, of which 477 were in an unrealized loss position for less than one year and 78 were in an unrealized loss position for a period one year or greater as of June 30, 2021.

Allowance for Credit Losses

For fixed maturities with a decline in the fair value between the amortized cost due to credit-related factors, an allowance is established for the difference between the estimated recoverable value and amortized cost with a corresponding charge to realized investment losses in the Statement 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 Statement of Comprehensive Income (Loss). Accrued interest is excluded from the measurement of the allowance for credit losses.

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

We evaluate for credit losses each quarter. If we determine that all or a portion of a fixed maturity is uncollectible, the uncollectible amortized cost is written off with a corresponding reduction to the allowance for credit losses. If we collect cash flows that were previously written off, the recovery is recognized in realized investment gains. We also consider whether we intend to sell an available-for-sale security or if it is more likely than not that we will be required to sell the security before recovery of its amortized cost. In these instances, a decline in fair value is recognized in net realized gains (losses) in the Statement of Income 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:

(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	—	—	2.0	—	2.0
Securities sold during the period	—	—	(0.9)	—	(0.9)
Additional net increases (decreases) in existing allowance	—	(0.1)	(1.0)	(0.2)	(1.3)
Ending balance, June 30, 2020	$ 0.2	$ —	$ 6.2	$ —	$ 6.4

Total credit impairment (gains) losses included in net realized investment gains (losses) in the Consolidated Statement of Income was $(0.4) million and $0.7 million for the three and six months ended June 30, 2021, respectively. Total credit impairment losses included in net realized investment gains (losses) in the Consolidated Statement of Income was $7.8 million and $32.5 million for the three and six months ended June 30, 2020, respectively.

Investment Gains and Losses

The following table presents our gross realized investment gains (losses):

(in millions)	For the Three Months Ended June 30, 2021	For the Three Months Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Realized gains on fixed maturities and other				
Fixed maturities	$ 17.5	$ 2.5	$ 23.0	$ 23.3
Other investments, including short-terms	5.8	11.5	8.0	59.7
Other assets	3.3	32.5	3.3	32.5
	26.6	46.5	34.3	115.5
Realized losses on fixed maturities and other				
Fixed maturities	(3.0)	(10.5)	(4.5)	(18.2)
Other investments, including short-terms	(8.8)	(14.4)	(14.5)	(46.3)
Other assets	(11.5)	—	(11.5)	—
Credit losses on fixed maturities	0.4	(7.8)	(0.7)	(32.5)
	(22.9)	(32.7)	(31.2)	(97.0)
Equity securities				
Net realized (losses) on equity securities	0.7	(11.0)	(1.1)	(12.6)
Change in unrealized gains (losses) on equity securities held at the end of the period	20.3	15.1	35.8	(24.2)
Net realized gains (losses) on equity securities	21.0	4.1	34.7	(36.8)
Net realized investment and other gains (losses) before income taxes	24.7	17.9	37.8	(18.3)
Income tax (benefit) provision	5.2	6.7	7.9	(1.3)
Net realized investment gains (losses), net of income taxes	$ 19.5	$ 11.2	$ 29.9	$ (17.0)

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 June 30, 2021	For the Three Months Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Change in unrealized losses				
Fixed maturities	$ 18.0	$ 136.2	$ (47.7)	$ 24.4
Other investments	—	—	—	(14.2)
Other and short-term investments	0.1	0.2	(0.3)	—
Net unrealized investment gains (losses) before income taxes	18.1	136.4	(48.0)	10.2
Income tax provision (benefit)	4.0	24.4	(8.6)	5.2
Net unrealized investment gains (losses), net of income taxes	$ 14.1	$ 112.0	$ (39.4)	$ 5.0

Foreign Currency Exchange Forward Contracts

We enter into foreign currency exchange forward contracts to manage operational currency exposure on our Canadian dollar investment portfolio and certain catastrophic events, minimize negative impacts to investment portfolio returns and gain exposure to a total return strategy which invests in multiple currencies. The currency forward contracts are carried at fair value in our Consolidated Balance Sheets in “Other liabilities” and “Other assets” at June 30, 2021 and December 31, 2020, respectively. The net realized gains and (losses) are included in “Net realized investment gains (losses)” in our Consolidated Statements of Income (Loss).

The fair value of our foreign currency exchange forward contracts as of June 30, 2021 and December 31, 2020 was as follows:

(in millions)	June 30, 2021	December 31, 2020
Operational currency exposure	$ (1.1)	$ 0.4
Asset manager investment exposure	1.0	(0.2)
Total return strategy	—	0.7
Total	$ (0.1)	$ 0.9

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in millions)	2021	2020	2021	2020
Realized gains				
Operational currency exposure	$ 3.2	$ 0.5	$ 7.1	$ 5.9
Asset manager investment exposure	0.9	0.2	1.8	1.0
Total return strategy	—	8.2	6.1	33.2
Gross realized investment gains	4.1	8.9	15.0	40.1
Realized losses				
Operational currency exposure	(3.5)	(3.0)	(12.7)	(4.7)
Asset manager investment exposure	(0.8)	(0.6)	(0.8)	(1.0)
Total return strategy	—	(8.6)	(5.1)	(36.6)
Gross realized investment losses	(4.3)	(12.2)	(18.6)	(42.3)
Net realized investment (losses) gains on foreign currency exchange forward contracts	$ (0.2)	$ (3.3)	$ (3.6)	$ (2.2)

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

(in millions)	June 30, 2021	December 31, 2020
Securities on deposit for regulatory and other purposes	$ 214.5	$ 227.5
Securities pledged as collateral for letters of credit and other	190.6	189.4
Securities and cash on deposit supporting Lloyd's business	353.0	409.2
Total restricted investments	$ 758.1	$ 826.1

Fair Value Measurements

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the reporting date. We define actively traded as a security that has traded in the past seven days. We receive one quote per instrument for Level 1 inputs.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. We receive one quote per instrument for Level 2 inputs.

- Level 3 inputs are unobservable inputs. Unobservable inputs reflect our own judgments about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

We receive fair value prices from third-party pricing services and our outside investment managers. These prices are determined using observable market information such as dealer quotes, market spreads, cash flows, yield curves, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the security's terms and conditions, among other things. We have reviewed the processes used by the third-party providers for pricing the securities and have determined that these processes result in fair values consistent with GAAP requirements. In addition, we review these prices for reasonableness, and have not adjusted any prices received from the third-party providers as of June 30, 2021 and December 31, 2020. A description of the valuation techniques we use to measure assets at fair value is as follows:

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

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

Fixed Maturities (Available-for-Sale) Levels 3: We own term loans that are valued using unobservable inputs.

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

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

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

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

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

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

(in millions)	June 30, 2021	Fair Value Measurements at Reporting Date Using Level 1 [a]	Level 2 [b]	Level 3 [c]
Fixed maturities				
U.S. Governments	$ 357.8	$ 343.6	$ 14.2	$ —
Foreign Governments	212.7	—	212.7	—
Obligations of states and political subdivisions	192.5	—	192.5	—
Corporate bonds	1,994.2	—	1,990.6	3.6
Commercial mortgage-backed securities	351.1	—	351.1	—
Residential mortgage-backed securities	519.2	—	519.2	—
Asset-backed securities	123.3	—	123.3	—
Collateralized loan obligations	306.9	—	306.9	—
Total fixed maturities	4,057.7	343.6	3,710.5	3.6
Equity securities	185.7	162.0	—	23.7
Other investments	65.6	—	65.6	—
Short-term investments	530.2	518.8	11.3	0.1
	$ 4,839.2	$ 1,024.4	$ 3,787.4	$ 27.4

[a] Quoted prices in active markets for identical assets
[b] Significant other observable inputs
[c] Significant unobservable inputs

(in millions)	December 31, 2020	Fair Value Measurements at Reporting Date Using Level 1 [a]	Level 2 [b]	Level 3 [c]
Fixed maturities				
U.S. Governments	$ 399.8	$ 383.5	$ 16.3	$ —
Foreign Governments	294.8	—	294.8	—
Obligations of states and political subdivisions	170.4	—	170.4	—
Corporate bonds	1,981.8	—	1,974.8	7.0
Commercial mortgage-backed securities	339.7	—	339.7	—
Residential mortgage-backed securities	508.2	—	508.2	—
Asset-backed securities	122.8	—	122.8	—
Collateralized loan obligations	289.6	—	289.6	—
Total fixed maturities	4,107.1	383.5	3,716.6	7.0
Equity securities	176.7	159.2	—	17.5
Other investments	102.5	0.4	102.1	—
Short-term investments	542.6	526.5	16.1	—
	$ 4,928.9	$ 1,069.6	$ 3,834.8	$ 24.5

[a] Quoted prices in active markets for identical assets
[b] Significant other observable inputs
[c] Significant unobservable inputs

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

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

Fair Value Measurements Using Observable Inputs (Level 3)

(in millions)	Corporate Bonds	Equity Securities	Short Term Investments	Total
Beginning balance, January 1, 2021	$ 7.0	$ 17.5	$ —	$ 24.5
Transfers into Level 3	—	—	—	—
Transfers out of Level 3	—	—	—	—
Total gains or losses (realized/unrealized):				
Included in net income	—	6.2	—	6.2
Included in other comprehensive income	0.1	—	—	0.1
Purchases, issuances, sales, and settlements:				
Purchases	—	—	0.1	0.1
Issuances	—	—	—	—
Sales	(3.5)	—	—	(3.5)
Settlements	—	—	—	—
Ending balance, June 30, 2021	$ 3.6	$ 23.7	$ 0.1	$ 27.4
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 June 30, 2021	$ —	$ —	$ —	$ —

(in millions)	Credit Financial	Equity Securities	Total
Beginning balance, January 1, 2020	$ 7.4	$ 18.2	$ 25.6
Transfers into Level 3	—	—	—
Transfers out of Level 3	—	—	—
Total gains or losses (realized/unrealized):			
Included in net income	—	(5.9)	(5.9)
Included in other comprehensive loss	(0.5)	—	(0.5)
Purchases, issuances, sales, and settlements:			
Purchases	0.1	5.2	5.3
Issuances	—	—	—
Sales	—	—	—
Settlements	—	—	—
Ending balance, December 31, 2020	$ 7.0	$ 17.5	$ 24.5
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, 2020	$ —	$ —	$ —

At June 30, 2021 and December 31, 2020, we did not have any financial assets or financial liabilities measured at fair value on a nonrecurring basis or any financial liabilities on a recurring basis.

4. Allowance for Credit Losses

Premiums receivable

The following table represents the balances of premiums receivable, net of allowance for expected credit losses, at June 30, 2021 and January 1, 2021, and the changes in the allowance for expected credit losses for the six months ended June 30, 2021.

(in millions)	Premiums Receivable, Net of Allowance for Estimated Uncollectible Premiums	Allowance for Estimated Uncollectible Premiums
Balance, January 1, 2021	$ 679.8	$ 9.4
Current period change for estimated uncollectible premiums		(0.1)
Write-offs of uncollectible premiums receivable		(0.6)
Foreign exchange adjustments		—
Balance, June 30, 2021	$ 681.7	$ 8.7

Reinsurance Recoverables

The following table presents the balances of reinsurance recoverables, net of the allowance for estimated uncollectible reinsurance, at June 30, 2021 and January 1, 2021, and changes in the allowance for estimated uncollectible reinsurance for the six months ended June 30, 2021.

(in millions)	Reinsurance Recoverables, Net of Allowance for Estimated Uncollectible Reinsurance	Allowance for Estimated Uncollectible Reinsurance
Balance, January 1, 2021	$ 3,009.0	$ 4.1
Current period change for estimated uncollectible reinsurance		(0.3)
Write-offs of uncollectible reinsurance recoverables		—
Balance, June 30, 2021	$ 2,859.9	$ 3.8

We primarily utilize A.M. Best credit ratings when determining the allowance, adjusted as needed based on our historical experience with the reinsurers. Certain 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 Six Months Ended June 30, 2021	2020
Net reserves beginning of the year	$ 2,906.1	$ 2,722.7
Net AIL reserves acquired	—	27.9
Add:		
Losses and LAE incurred during current calendar year, net of reinsurance:		
Current accident year	579.4	549.6
Prior accident years	(0.2)	4.5
Losses and LAE incurred during calendar year, net of reinsurance	579.2	554.1
Deduct:		
Net reserve ceded - reinsurance to close transaction for years of account 2017 and prior [1]	207.8	—
Losses and LAE payments made during current calendar year, net of reinsurance:		
Current accident year	59.7	125.3
Prior accident years	376.0	451.5
Losses and LAE payments made during current calendar year, net of reinsurance:	435.7	576.8
Change in participation interest [2]	12.8	33.0
Foreign exchange adjustments	6.1	(8.5)
Net reserves - end of period	2,860.7	2,752.4
Add:		
Reinsurance recoverables on unpaid losses and LAE, end of period	2,377.9	2,463.9
Gross reserves - end of period	$ 5,238.6	$ 5,216.3

[1] Amount represents reserves ceded under the reinsurance to close transaction with RiverStone for Lloyd's years of account 2017 and prior, effective January 1, 2020.

[2] Amount represents the change in reserves due to changing our participation in Syndicates 1200 and 1910.

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

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

(in millions)	For the Six Months Ended June 30, 2021	2020
U.S. Operations	$ (0.9)	$ 2.7
International Operations	(1.9)	1.1
Run-off Lines	2.6	0.7
Total (favorable) unfavorable prior-year development	$ (0.2)	$ 4.5

The following describes the primary factors behind each segment's prior accident year reserve development for the six months ended June 30, 2021 and 2020:

Six months ended June 30, 2021:

- *U.S. Operations*: Favorable development primarily in specialty lines, largely offset by unfavorable development in liability lines.

- *International Operations*: Favorable development in property lines, including losses associated with prior year catastrophe losses, partially offset by unfavorable development in Argo Insurance Bermuda due to large claim movements and unfavorable development in our surety business in Europe.
- *Run-off Lines*: Unfavorable loss reserve development in other run-off lines.

Six months ended June 30, 2020:

- *U.S. Operations:* Unfavorable development in general liability, commercial auto liability and special property partially offset by favorable development in specialty related to our surety business unit.
- *International Operations:* Unfavorable development in general liability and surety lines offset by favorable development in special property and specialty.
- *Run-off Lines:* Unfavorable development in other run-off lines partially offset by favorable development in risk management workers compensation.

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

6. Disclosures about Fair Value of Financial Instruments

Cash. The carrying amount approximates fair value.

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

Premiums receivable and reinsurance recoverables on paid losses. The carrying value of current receivables and reinsurance recoverables on paid losses approximates fair value.

Debt. At June 30, 2021 and December 31, 2020, the fair value of our debt instruments is determined using both Level 1 and Level 2 inputs, as previously defined in Note 3, "Investments."

We receive fair value prices from third-party pricing services for our financial instruments as well as for similar financial instruments. These prices are determined using observable market information such as publicly traded quoted prices, and trading prices for similar financial instruments actively being traded in the current market. We have reviewed the processes used by the third-party providers for pricing the securities and have determined that these processes result in fair values consistent with GAAP requirements. In addition, we review these prices for reasonableness, and have not adjusted any prices received from the third-party providers as of June 30, 2021 and December 31, 2020. A description of the valuation techniques we use to measure these liabilities at fair value is as follows:

Senior Unsecured Fixed Rate Notes Level 1:

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

Junior Subordinated Debentures and Floating Rate Loan Stock Level 2:

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

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

(in millions)	June 30, 2021 Carrying Amount	June 30, 2021 Fair Value	December 31, 2020 Carrying Amount	December 31, 2020 Fair Value
Junior subordinated debentures:				
Trust preferred debentures	$ 172.7	$ 174.3	$ 172.7	$ 173.6
Subordinated debentures	85.3	92.7	85.1	92.3
Total junior subordinated debentures	258.0	267.0	257.8	265.9
Senior unsecured fixed rate notes	140.2	148.9	140.2	146.7
Floating rate loan stock	60.4	61.0	60.7	61.0
	458.6	476.9	458.7	473.6

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

	Fair Value Measurements at Reporting Date Using			
(in millions)	June 30, 2021	Level 1 (a)	Level 2 (b)	Level 3 (c)
Junior subordinated debentures:				
Trust preferred debentures	$ 174.3	$ —	$ 174.3	$ —
Subordinated debentures	92.7	—	92.7	—
Total junior subordinated debentures	267.0	—	267.0	—
Senior unsecured fixed rate notes	148.9	148.9	—	—
Floating rate loan stock	61.0	—	61.0	—
	476.9	148.9	328.0	—

(a) Quoted prices in active markets for identical assets
(b) Significant other observable inputs
(c) Significant unobservable inputs

	Fair Value Measurements at Reporting Date Using			
(in millions)	December 31, 2020	Level 1 (a)	Level 2 (b)	Level 3 (c)
Junior subordinated debentures:				
Trust preferred debentures	$ 173.6	$ —	$ 173.6	$ —
Subordinated debentures	92.3	—	92.3	—
Total junior subordinated debentures	265.9	—	265.9	—
Senior unsecured fixed rate notes	146.7	146.7	—	—
Floating rate loan stock	61.0	—	61.0	—
	473.6	146.7	326.9	—

(a) Quoted prices in active markets for identical assets
(b) Significant other observable inputs
(c) Significant unobservable inputs

7. Shareholders' Equity

On May 6, 2021, our Board of Directors declared a quarterly cash dividend in the amount of $0.31 on each common share outstanding. On June 4, 2021, we paid $11.1 million to our shareholders of record on May 21, 2021.

On May 6, 2021, our Board of Directors declared a quarterly cash dividend in the amount of $437.500 per share on our 7.00% Resettable Fixed Rate Preference Shares, Series A, par value of $1.00 per share, with a liquidation preference of $25,000 per share (the "Series A Preference Shares"). Holders of depositary shares, each representing a 1/1,000th interest in a Series A Preference Share (the "Depositary Shares"), received $0.437500 per Depositary Share. On June 15, 2021, we paid $2.7 million to our shareholders of record of Series A Preference Shares on May 30, 2021.

On May 7, 2020, our Board of Directors declared a quarterly cash dividend in the amount of $0.31 on each common share outstanding. On June 12, 2020, we paid $10.6 million to our shareholders of record on May 29, 2020.

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 June 30, 2021, 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 six months ended June 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 six months ended June 30, 2021 and 2020 is presented below:

(in millions)	Foreign Currency Translation Adjustments	Unrealized Holding Gains on Securities	Defined Benefit Pension Plans	Total
Balance, January 1, 2021	$ (37.9)	$ 105.1	$ (8.6)	$ 58.6
Other comprehensive loss before reclassifications	2.5	(22.5)	1.5	(18.5)
Amounts reclassified from accumulated other comprehensive loss	—	(16.9)	—	(16.9)
Net current-period other comprehensive loss	2.5	(39.4)	1.5	(35.4)
Balance, June 30, 2021	$ (35.4)	$ 65.7	$ (7.1)	$ 23.2

(in millions)	Foreign Currency Translation Adjustments	Unrealized Holding Gains on Securities	Defined Benefit Pension Plans	Total
Balance, January 1, 2020	$ (22.6)	$ 33.5	$ (8.1)	$ 2.8
Other comprehensive income before reclassifications	(7.6)	24.2	—	16.6
Amounts reclassified from accumulated other comprehensive loss	—	(19.2)	—	(19.2)
Net current-period other comprehensive loss	(7.6)	5.0	—	(2.6)
Cumulative effect of adoption of ASU 2016-13	—	5.7	—	5.7
Balance, June 30, 2020	$ (30.2)	$ 44.2	$ (8.1)	$ 5.9

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in millions)	2021	2020	2021	2020
Unrealized gains and losses on securities:				
Net realized investment gains	$ (15.2)	$ (16.5)	$ (19.2)	$ (19.9)
Provision (benefit) for income taxes	1.5	2.6	2.3	0.7
Net of taxes	$ (13.7)	$ (13.9)	$ (16.9)	$ (19.2)

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

9. Net Income (Loss) Per Common Share

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in millions, except number of shares and per share amounts)	2021	2020	2021	2020
Net income (loss)	$ 69.8	$ (5.4)	$ 99.6	$ (30.1)
Less: Preferred share dividends	2.7	—	5.3	—
Net income (loss) attributable to common shareholders	67.1	(5.4)	94.3	(30.1)
Weighted average common shares outstanding - basic	34,820,649	34,634,353	34,766,948	34,551,935
Effect of dilutive securities:				
Equity compensation awards	192,131	—	216,856	—
Weighted average common shares outstanding - diluted	35,012,780	34,634,353	34,983,804	34,551,935
Net income (loss) per common share:				
Basic	$ 1.93	$ (0.16)	$ 2.72	$ (0.87)
Diluted	$ 1.92	$ (0.16)	$ 2.70	$ (0.87)

Excluded from the weighted average common shares outstanding calculation at June 30, 2021 and 2020 are 11,315,889 shares, which are held as treasury shares. The shares are excluded as of their repurchase date. There were 36,219 and 48,272 weighted average shares excluded from the computation of diluted net income per common share because they were anti-dilutive for the three and six months ended June 30, 2021, respectively. Due to the net loss incurred for the three and six months ended June 30, 2020, all of the potentially dilutive securities were anti-dilutive, and therefore, omitted from the calculation.

10. Supplemental Cash Flow Information

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

	For the Six Months Ended June 30,	
(in millions)	2021	2020
Senior unsecured fixed rate notes	$ 4.7	$ 4.7
Junior subordinated debentures	5.0	6.7
Other indebtedness	1.1	3.4
Total interest paid	$ 10.8	$ 14.8
Income taxes paid	8.9	1.6
Income taxes recovered	(0.1)	(0.7)
Income taxes paid, net	$ 8.8	$ 0.9

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 performance-related incentives to key employees, non-employee directors and other service providers. 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 June 30, 2021 and changes during the six months then ended is as follows:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2021	370,027	$ 44.22
Granted	159,382	$ 54.97
Vested and issued	(125,258)	$ 43.40
Expired or forfeited	(65,236)	$ 45.20
Outstanding at June 30, 2021	338,915	$ 49.39

The restricted shares vest over one to four years. Expense recognized under this plan for the restricted shares was $1.4 million and $2.9 million for the three and six months ended June 30, 2021, respectively, as compared to $2.1 million and $5.2 million for the three and six months ended June 30, 2020, respectively. Compensation expense for all share-based compensation awards is included in “Underwriting, acquisition and insurance expenses” in the accompanying Consolidated Statements of Income (Loss). As of June 30, 2021, there was $13.8 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. Market-based performance awards are valued using the Monte Carlo simulation. All other 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 June 30, 2021 and changes during the six months then ended is as follows:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2021	157,847	$ 43.10
Granted	100,291	$ 54.79
Vested and issued	(8,987)	$ 44.49
Expired or forfeited	(17,334)	$ 45.61
Outstanding at June 30, 2021	231,817	$ 47.91

Expense recognized under this plan for the performance shares was $0.9 million and $1.6 million for the three and six months ended June 30, 2021, respectively, as compared to $0.6 million and $0.7 million for the three and six months ended June 30, 2020, respectively. As of June 30, 2021, there was $7.3 million of total unrecognized compensation cost related to performance share compensation arrangements granted by Argo Group.

12. Underwriting, Acquisition and Insurance Expenses

Underwriting, acquisition and insurance expenses were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in millions)	2021	2020	2021	2020
Commissions	$ 71.7	$ 57.2	$ 148.2	$ 122.5
Other underwriting, acquisition and insurance expenses	104.0	98.2	210.6	205.2
	175.7	155.4	358.8	327.7
Net deferral of policy acquisition costs	1.6	4.4	(5.1)	0.2
Total underwriting, acquisition and insurance expenses	$ 177.3	$ 159.8	$ 353.7	$ 327.9

13. Income Taxes

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

We do not consider Argo Group International Holdings, Ltd. to be engaged in a trade or business in the United States or the United Kingdom and, accordingly, do not expect to be subject to direct United States or United Kingdom income taxation.

We have subsidiaries based in the United Kingdom 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 United Kingdom subsidiaries are deemed to be engaged in business in the United States, and therefore, are subject to United States corporate tax in respect of a proportion of their United States underwriting business only. Relief is available against the United Kingdom tax liabilities in respect of overseas taxes paid that arise from the underwriting business. Our United Kingdom subsidiaries file separate United Kingdom income tax returns.

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

We also have operations in Brazil, France, Ireland, Italy, Malta, Spain, and Switzerland, which also are subject to income taxes imposed by the jurisdiction in which they operate. We 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. The remeasurement resulted in an increase of net deferred tax assets of $7.4 million.

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 six months ended June 30, 2021 and 2020, pre-tax income (loss) attributable to our operations and the corresponding operations' effective tax rates were as follows:

	For the Three Months Ended June 30,			
	2021		2020	
(in millions)	Pre-Tax Income (Loss)	Effective Tax Rate	Pre-Tax Income (Loss)	Effective Tax Rate
Bermuda	$ 2.3	— %	$ (29.2)	— %
United States	64.0	21.9 %	66.2	23.8 %
United Kingdom	9.3	(54.6)%	(29.2)	15.5 %
Barbados	—	— %	—	— %
Belgium	—	— %	0.1	20.0 %
Brazil	2.3	— %	0.6	— %
United Arab Emirates	0.1	— %	0.5	— %
Ireland	— [1]	— %	— [1]	— %
Italy	0.4	— %	(1.8)	— %
Malta	0.3	— %	(1.3)	— %
Switzerland	— [1]	— %	— [1]	1.0 %
Pre-tax income	$ 78.7	11.3 %	$ 5.9	191.5 %

[1] Pre-tax income (loss) for the respective year was less than $0.1 million.

	For the Six Months Ended June 30,			
	2021		2020	
(in millions)	Pre-Tax Income (Loss)	Effective Tax Rate	Pre-Tax Income (Loss)	Effective Tax Rate
Bermuda	$ 7.3	— %	$ (55.0)	— %
United States	105.2	19.4 %	55.6	23.5 %
United Kingdom	(8.9)	115.3 %	(27.6)	10.3 %
Barbados	— [1]	— %	—	— %
Belgium	—	— %	0.1	31.0 %
Brazil	4.0	— %	2.8	— %
United Arab Emirates	0.3	— %	1.3	— %
Ireland	(0.1)	— %	— [1]	— %
Italy	1.2	— %	1.7	— %
Malta	0.9	— %	1.3	— %
Switzerland	— [1]	— %	— [1]	0.9 %
Pre-tax income (loss)	$ 109.9	9.3 %	$ (19.8)	(52.0)%

[1] Pre-tax income (loss) for the respective year was less than $0.1 million.

Our effective tax rate may vary significantly from period to period depending on the jurisdiction generating the pre-tax income (loss) and its corresponding statutory tax rate. The geographic distribution of pre-tax income (loss) can fluctuate significantly between periods given the inherit 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:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in millions)	2021	2020	2021	2020
Income tax provision at expected rate	$ 16.5	$ 8.6	22.8	9.4
Tax effect of:				
Nontaxable investment income	(0.1)	(0.2)	(0.3)	(0.3)
Foreign exchange adjustments	(0.3)	1.5	(0.5)	(0.6)
Goodwill	—	1.0	—	1.0
Withholding taxes	0.1	— [1]	0.1	0.1
Change in uncertain tax position liability	0.6	—	(1.8)	—
Change in valuation allowance	(1.2)	— [1]	(2.0)	— [1]
Impact of change in tax rate related to Finance Act 2021	(7.4)	—	(7.4)	—
Other	0.7	0.4	(0.6)	0.7
Income tax provision	$ 8.9	$ 11.3	$ 10.3	$ 10.3

[1] Tax effect of the adjustment for the respective year was less than $0.1 million.

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 six months ended June 30, 2021, the net change in valuation allowance for deferred tax assets was a decrease of $1.2 million and $2.0 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. 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 six months ended June 30, 2021, the Company had a net increase (decrease) of uncertain tax positions in the amount of $0.6 million and $(1.8) million, respectively. A net increase (decrease) of interest in the amount of $0.1 million and $(0.4) million has been recorded in the line item "Interest expense" in our Consolidated Statements of (Loss) Income for the three and six months ended June 30, 2021, respectively. A net increase (decrease) of penalty in the amount of $0.0 million and $(0.4) million has been recorded in the line "Underwriting, acquisition and insurance expenses" in our Consolidated Statements of Income (Loss) for the three and six months ended June 30, 2021, respectively.

Our United States subsidiaries are no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2017. Our United Kingdom subsidiaries are no longer subject to United Kingdom income tax examinations by Her Majesty's Revenue and Customs for years before 2019.

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

14. Commitments and Contingencies

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

We have contractual commitments to invest up to $67.9 million related to our limited partnership investments at June 30, 2021, as further disclosed in Note 3, "Investments." These commitments will be funded as required by the partnership agreements which can be called to be fulfilled at any time, not to exceed twelve years.

15. Segment Information

We are primarily engaged in underwriting property and casualty insurance. We have two ongoing reporting segments: U.S. Operations and International Operations. Additionally, we have a Run-off Lines segment 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. Transactions between segments are reported in the segment that initiated the transaction.

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:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in millions)	2021	2020	2021	2020
Revenue:				
Earned premiums				
U.S. Operations	$ 314.5	$ 301.6	$ 628.9	$ 604.1
International Operations	155.7	131.8	307.2	264.1
Run-off Lines	0.1	—	0.3	0.2
Total earned premiums	470.3	433.4	936.4	868.4
Net investment income				
U.S. Operations	33.7	0.8	62.5	26.0
International Operations	13.9	0.5	25.9	9.1
Run-off Lines	1.1	0.1	1.9	1.3
Corporate and Other	4.0	—	6.8	0.6
Total net investment income	52.7	1.4	97.1	37.0
Net realized investment gains (losses)	24.7	17.9	37.8	(18.3)
Total revenue	$ 547.7	$ 452.7	$ 1,071.3	$ 887.1

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in millions)	2021	2020	2021	2020
Income (loss) before income taxes				
U.S. Operations	$ 53.6	$ 31.2	$ 90.2	$ 68.1
International Operations	19.5	(27.5)	7.7	(39.8)
Run-off Lines	(0.1)	(1.3)	0.5	(0.8)
Total segment income before taxes	73.0	2.4	98.4	27.5
Corporate and Other	(14.6)	(10.1)	(20.6)	(23.8)
Net realized investment and other gains (losses)	24.7	17.9	37.8	(18.3)
Foreign currency exchange losses	(4.4)	(4.3)	(5.7)	(5.2)
Total income (loss) before income taxes	$ 78.7	$ 5.9	$ 109.9	$ (19.8)

The table below presents earned premiums by geographic location for the three and six months ended June 30, 2021 and 2020. 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.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in millions)	2021	2020	2021	2020
United States	$ 314.2	$ 301.4	$ 627.0	$ 601.1
United Kingdom	116.8	75.5	215.8	162.2
Bermuda	10.7	25.3	35.8	46.5
Malta	11.0	18.5	25.0	30.3
All other jurisdictions	17.6	12.7	32.8	28.3
Total earned premiums	$ 470.3	$ 433.4	$ 936.4	$ 868.4

The following table represents identifiable assets:

(in millions)	June 30, 2021	December 31, 2020
U.S. Operations	$ 5,704.0	$ 6,032.2
International Operations	3,898.4	3,899.4
Run-off Lines	253.0	335.9
Corporate and Other	512.9	198.3
Total	$ 10,368.3	$ 10,465.8

Included in total assets at June 30, 2021 and December 31, 2020 are $602.3 million and $825.9 million, respectively, in assets associated with trade capital providers.

16. Subsequent Event

As previously disclosed in Argo Group's Annual Report on Form 10-K for the year ended December 31, 2020, during the fourth quarter of 2020, we announced an agreement to sell our Italian operations, ArgoGlobal Assicurazioni S.p.A. to Perfuturo Capital AG, a Swiss Holding Company. Completion of the transaction was subject to regulatory approval. Because such regulatory approval was not received prior to July 31, 2021, the agreement terminated under its own terms.

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 six months ended June 30, 2021 compared with the three and six months ended June 30, 2020, and a discussion of our financial condition as of June 30, 2021. 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 Annual Report on Form 10-K for the year ended December 31, 2020 filed with the Securities and Exchange Commission ("SEC") on March 15, 2021, including the audited Consolidated Financial Statements and notes thereto.

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," "objective," "remain optimistic," "improve," "progress," "path toward," "outlook," "trends," "future," "could," "would," "should," "target," "on track" and similar expressions of a future or forward-looking nature.

Such statements are subject to certain risks and uncertainties that could cause actual events or results to differ materially. For a more detailed discussion of such risks and uncertainties, see Item 1A, "Risk Factors" in Argo Group's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and in our other filings with the SEC. 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.

Generally, it is our policy to communicate events that may have a material adverse impact on our operations or financial position, including property and casualty catastrophe events and material losses in the investment portfolio, in a timely manner through a public announcement. It is also our policy not to make public announcements regarding events that are believed to have no material adverse impact on our results of operations or financial position based on management's current estimates and available information, other than through regularly scheduled calls, press releases or filings.

Consolidated Results of Operations

For the three and six months ended June 30, 2021, we reported net income attributable to common shareholders of $67.1 million ($1.92 per diluted common share) and $94.3 million ($2.70 per diluted common share), respectively. For the three and six months ended June 30, 2020, we reported a net loss of $5.4 million ($0.16 per diluted common share) and $30.1 million ($0.87 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:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in millions)	2021	2020	2021	2020
Gross written premiums	$ 815.3	$ 799.6	$ 1,571.8	$ 1,625.5
Earned premiums	$ 470.3	$ 433.4	$ 936.4	$ 868.4
Net investment income	52.7	1.4	97.1	37.0
Net realized investment gains (losses):				
Net realized investment gains	4.0	10.6	2.7	38.4
Change in fair value of equity securities	20.3	15.1	35.8	(24.2)
Credit gains (losses) on fixed maturity securities	0.4	(7.8)	(0.7)	(32.5)
Net realized investment gains (losses)	24.7	17.9	37.8	(18.3)
Total revenue	$ 547.7	$ 452.7	$ 1,071.3	$ 887.1
Income (loss) before income taxes	$ 78.7	$ 5.9	$ 109.9	$ (19.8)
Income tax provision	8.9	11.3	10.3	10.3
Net income (loss)	$ 69.8	$ (5.4)	$ 99.6	$ (30.1)
Less: Dividends on preferred shares	2.7	—	5.3	—
Net income (loss) attributable to common shareholders	$ 67.1	$ (5.4)	$ 94.3	$ (30.1)
Loss ratio	57.7 %	63.0 %	61.9 %	63.8 %
Expense ratio	37.7 %	36.9 %	37.8 %	37.8 %
Combined ratio	95.4 %	99.9 %	99.7 %	101.6 %

	June 30, 2021	December 31, 2020	June 30, 2020
ook value per common share	$ 50.34	$ 49.40	$ 49.29

Impact of COVID-19

Beginning in March 2020 and continuing into 2021, 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 the first six months of 2021, COVID-19 has directly and indirectly adversely affected the Company and may continue to do so for an uncertain period of time. For the three and six months ended June 30, 2021, our underwriting results included net pre-tax catastrophe losses of $4.6 million and $9.0 million, respectively, associated with COVID-19 and related economic conditions, as compared to $17.4 million and $43.6 million, respectively, for the three and six months ended June 30, 2020. Premium levels in certain lines in both our U.S. and International Operations have been negatively impacted by the challenges of the economic slowdown. Conversely, our current accident year non-catastrophe loss results saw reduced claim activity during the three and six months ended June 30, 2021 due, in part, to the impact of the COVID-19 pandemic. While this reduction in claim activity during the second quarter of 2021 was not as significant as that experienced for the same period in 2020, the 2021 current accident year non-catastrophe claim frequency is still below our historical averages. Our liquidity and capital resources were not materially impacted by COVID-19 and related economic conditions during the six months ended June 30, 2021 or 2020. Although vaccines are now available and are in the process of being widely distributed, the extent to which COVID-19 (including emerging new strains of the COVID-19 virus) will continue to impact our business will depend on future developments that cannot be predicted, and while we have recorded our best estimates of this impact as of and for the three and six months ended June 30, 2021, actual results in future periods could materially differ from those disclosed herein.

Non-GAAP Measures

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

	For the Three Months Ended June 30,			
	2021		2020	
(in millions)	Amount	Ratio	Amount	Ratio
Earned premiums	$ 470.3		$ 433.4	
Losses and loss adjustment expenses, as reported	271.6	57.7 %	273.2	63.0 %
Less:				
Favorable (unfavorable) prior accident year loss development	1.2	0.3 %	(1.8)	(0.4)%
Catastrophe losses, including COVID-19	(11.1)	(2.4)%	(27.9)	(6.4)%
Current accident year non-catastrophe losses (non-GAAP)	$ 261.7	55.6 %	$ 243.5	56.2 %
Expense ratio		37.7 %		36.9 %
Current accident year non-catastrophe combined ratio (non-GAAP)		93.3 %		93.1 %

	For the Six Months Ended June 30,			
	2021		2020	
(in millions)	Amount	Ratio	Amount	Ratio
Earned premiums	$ 936.4		$ 868.4	
Losses and loss adjustment expenses, as reported	$ 579.2	61.9 %	$ 554.1	63.8 %
Less:				
Favorable (unfavorable) prior accident year loss development	0.2	— %	(4.5)	(0.5)%
Catastrophe losses, including COVID-19	(58.6)	(6.3)%	(57.0)	(6.6)%
Current accident year non-catastrophe losses (non-GAAP)	$ 520.8	55.6 %	$ 492.6	56.7 %
Expense ratio		37.8 %		37.8 %
Current accident year non-catastrophe combined ratio (non-GAAP)		93.4 %		94.5 %

Gross Written and Earned Premiums

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

	For the Three Months Ended June 30,			
	2021		2020	
(in millions)	Gross Written	Net Earned	Gross Written	Net Earned
Property	$ 153.9	$ 72.1	$ 213.8	$ 76.9
Liability	330.7	201.0	299.4	196.2
Professional	173.3	111.0	155.1	88.0
Specialty	157.4	86.2	131.3	72.3
Total	$ 815.3	$ 470.3	$ 799.6	$ 433.4

	For the Six Months Ended June 30,			
	2021		2020	
(in millions)	Gross Written	Net Earned	Gross Written	Net Earned
Property	$ 290.2	$ 156.7	$ 402.2	$ 152.0
Liability	654.7	397.1	625.5	388.7
Professional	338.4	215.9	308.0	172.2
Specialty	288.5	166.7	289.8	155.5
Total	$ 1,571.8	$ 936.4	$ 1,625.5	$ 868.4

Consolidated gross written premiums increased $15.7 million, or 2.0%, for the three months ended June 30, 2021, as compared to the same period ended 2020, while decreasing $53.7 million, or 3.3%, for the six months ended June 30, 2021, as compared to the same period ended 2020. The increase in gross written premiums for the three months ended June 30, 2021 was driven by our U.S. Operations which increased 6.8% as compared to the same period in 2020, concentrated in Liability and Professional Lines, partially offset by a 5.4% decrease in our International Operations, primarily due to the sale of our Reinsurance business, Ariel Re, in the fourth quarter of 2020, which was the primary driver behind the decrease in Property Lines gross written premiums. The decrease in gross written premiums for the six months ended June 30, 2021 was primarily due to a 14.9% year-over-year decrease in International Operations, driven by the sale of Ariel Re, partially offset by 4.8% growth in gross written premiums in U.S. Operations for the comparative periods. Both U.S. Operations and International Operations continued to see overall rate increases during the three and six months ended June 30, 2021.

Consolidated net earned premiums for the three and six months ended June 30, 2021 increased $36.9 million, or 8.5%, and $68.0 million, or 7.8%, respectively, as compared to the same periods ended 2020. Net earned premiums increased in both U.S. Operations and International Operations. The increase in U.S. Operations was in line with the premium growth experienced throughout 2020 and into the first half of 2021, while International Operations was driven by growth in Syndicate 1200 primarily due to significantly decreasing our use of third-party capital at Lloyd's for the 2021 year of account, partially offset by the sale of Ariel Re. We anticipate the negative impact to net earned premiums from the sale of Ariel Re to be greater in future quarters, as we have no new business, but continue to earn premium from the 2020 and prior Lloyd's years of account where we still participate on Syndicate 1910.

Our gross written and 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 six months ended June 30, 2021 was $52.7 million and $97.1 million, respectively, compared to $1.4 million and $37.0 million for the same periods ended 2020. The increase in net investment income in the second quarter and first half of 2021 compared to the same periods in 2020 was driven by a significant increase from our alternative investment portfolio, partially offset by a decline in net investment income from our core portfolio. Our alternative investment portfolio, which is reported on a one to three-month lag, produced net investment income for the three and six months ended June 30, 2021 of $29.9 million and $50.6 million, respectively, compared to net investment losses of $23.4 million and $20.9 million for the same periods ended 2020, primarily from higher returns on hedge funds and private equity investments as valuations benefited from the improving circumstances surrounding COVID-19 throughout 2021.

Net investment income from fixed income assets held directly and dividends from equity securities was $22.8 million and $46.5 million for the three and six months ended June 30, 2021, respectively, compared to $24.8 million and $57.9 million for the same periods ended 2020. The decline in the comparative periods was due to the 2020 liquidation of a high yield portfolio in connection with a "de-risking" in our investment strategy, lower reinvestment rates and security disposals in the second quarter of 2021 in the Syndicate 1200 portfolios related to the RiverStone reinsurance to close transaction.

Net Realized Investment Gains/Losses and Impact of Trident Transaction

Consolidated net realized investment gains of $24.7 million for the three months ended June 30, 2021 included a $20.3 million increase in the fair value of equity securities, $6.9 million related to net foreign currency exchange gains and a $5.0 million gain related to meeting certain post-closing performance conditions on the previously disclosed sale of our former Trident Public Risk Solutions ("Trident") brand and underwriting platform during the second quarter of 2020. Partially offsetting these gains was a $16.5 million reduction in the original gain on Trident due to renegotiating the transaction agreements with the buyer to exclude certain lines of business. The remaining $9.0 million net realized investment gain primarily related to the sales of fixed maturity securities and certain corporate real estate assets.

Consolidated net realized investment gains of $17.9 million for the three months ended June 30, 2020 included a $31.8 million gain recognized on the sale of Trident and a $15.1 million increase in the fair value of equity securities. We also recognized a $7.8 million charge for expected credit losses on fixed maturity securities. The remaining $21.2 net realized investment loss was primarily comprised of losses on sales of equity and fixed maturity securities.

Consolidated net realized investment gains of $37.8 million for the six months ended June 30, 2021 included a $35.8 million increase in the fair value of equity securities, $7.3 million related to the sales of fixed maturity securities and a $5.0 million gain related to Trident, as described above for the three months ended June 30, 2021. Partially offsetting these gains was a $16.5 million reduction in the original gain on Trident (also described above) and a $0.7 million charge for expected credit losses on fixed maturity securities. The remaining $6.9 million net realized investment gain included primarily related to net foreign currency exchange gains and sales of certain corporate real estate assets.

Consolidated net realized investment losses of $18.3 million for the six months ended June 30, 2020 included a $32.5 million charge for expected credit losses on fixed maturity securities, a $24.2 million decrease in the fair value of equity securities primarily attributable to the disruption in global financial markets due to COVID-19, as well as $12.5 million in losses on the sale of equity securities. Partially offsetting these losses was the $31.8 million gain recognized on the sale of Trident, a $15.2 million gain in the first quarter of 2020 on the conversion of a previously private equity holding in our other invested assets portfolio to a publicly traded equity security, with the remaining $3.9 million net realized investment gain primarily coming from sales of fixed maturities during the first quarter of 2020.

Loss and Loss Adjustment Expenses

The consolidated loss ratio for the three months ended June 30, 2021 was 57.7%, compared to 63.0% for the same period in 2020, driven by lower catastrophe losses in the second quarter of 2021 (2.4 percentage points) compared to the first quarter of 2020 (6.4 percentage points). Catastrophe losses in the first quarter of 2021 included $4.6 million for COVID-19-related claims, with the remaining $6.5 million being attributable to an increase in the estimated loss from Winter Storm Uri that occurred in February 2021 and losses from various small U.S. storms. The loss ratio was also favorably impacted by a 0.7 percentage point improvement in net prior-year reserve development, as we experienced net favorable prior-year reserve development (0.3 percentage point) for the three months ended June 30, 2021 as compared to net unfavorable prior-year reserve development (0.4 percentage point) for the three months ended June 30, 2020. Additionally, there was a 0.6 percentage point improvement in the current accident year non-catastrophe loss ratio for the comparative periods, due in part to rate improvements achieved over the last several quarters.

The consolidated loss ratio for the six months ended June 30, 2021 was 61.9%, compared to 63.8% for the same period in 2020, driven by a 1.1 percentage point improvement in the current accident year non-catastrophe loss ratio, largely due to rate improvements achieved over the last several quarters. The loss ratio was also favorably impacted by a 0.5 percentage point improvement in net prior-year reserve development, as we experienced net favorable prior-year reserve development of $0.2 million for the six months ended June 30, 2021 as compared to net unfavorable prior-year reserve development of $4.5 million for the six months ended June 30, 2020. The period-over-period impact from catastrophe losses was relatively flat for the first six months of 2021 compared to the same period in 2020 (0.3 percentage point favorable impact). Catastrophe losses in the first six months of 2021 included $9.0 million for COVID-19-related claims, with the remaining $49.6 million being primarily attributable to losses resulting from Winter Storm Uri.

The following table summarizes the above referenced prior-year loss reserve development for the six months ended June 30, 2021 with respect to net loss reserves by line of business as of December 31, 2020. Our loss and loss adjustment expenses, including the prior-year loss reserve development shown in the following table, are further discussed by reporting segment below under the heading "Segment Results."

(in millions)	Net Reserves 2020	Net Reserve Development (Favorable)/ Unfavorable	Percent of 2020 Net Reserves
General liability	$ 1,587.4	$ 25.1	1.6 %
Syndicate and US special property	108.0	6.4	5.9 %
Syndicate liability	239.1	4.1	1.7 %
Commercial multi-peril	233.4	(15.2)	(6.5)%
Commercial auto liability	86.9	3.5	4.0 %
Syndicate specialty	76.0	(12.5)	(16.4)%
Fidelity/Surety	38.4	(12.9)	(33.6)%
All other lines	536.9	1.3	0.2 %
Total	$ 2,906.1	$ (0.2)	— %

Consolidated gross reserves for losses and loss adjustment expenses were $5,238.6 million (including $143.5 million of reserves attributable to our Syndicate 1200 and 1910 trade capital providers) and $5,216.3 million (including $230.6 million of reserves attributable to our Syndicate 1200 and 1910 trade capital providers) as of June 30, 2021 and 2020, 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, there can be no assurance that future loss development, favorable or unfavorable, will not occur.

Underwriting, Acquisition and Insurance Expenses

Consolidated underwriting, acquisition and insurance expenses for the three and six months ended June 30, 2021 were $177.3 million and $353.7 million, respectively, compared to $159.8 million and $327.9 million for the same periods ending 2020. The expense ratios for the comparative three month periods ended June 30, 2021 and 2020 were 37.7% and 36.9%, respectively. The moderate increase in the expense ratio was primarily due to higher acquisition expenses in U.S. Operations due to changes in business mix, higher gross commissions and lower ceding commissions, partially offset by improvements in International Operations and the results of continued expense control initiatives in 2021. The improvement in International Operations was driven by growth in net earned premiums, which exceeded the growth in non-acquisition expenses and was coupled with a reduced acquisition expense ratio primarily due to mix of business. The expense ratio was unchanged at 37.8% for both the six months ended June 30, 2021 and 2020.

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

Interest Expense

Consolidated interest expense for the three and six months ended June 30, 2021 was $5.7 million and $10.8 million, respectively, compared to $7.0 million and $14.8 million for the same periods in 2020. The decreases were due to a lower debt balance due to paying off our $125 million term loan in September 2020, as well as significant reductions in short-term LIBOR rates during the first three and six months of 2021 as compared to the same periods in 2020.

Foreign Currency Exchange Gains/Losses

Consolidated foreign currency exchange losses were $4.4 million and $5.7 million for the three and six months ended June 30, 2021, as compared to $4.3 million and $5.2 million for the three and six months ended June 30, 2020. The foreign currency exchange losses were due to fluctuations of the U.S. Dollar, on a weighted average basis, against the currencies in which we transact our business. For the three months ended June 30, 2021, the foreign currency exchange losses were primarily driven by the U.S. Dollar weakening against the Canadian Dollar and the British Pound. For the six months ended June 30, 2021, the foreign currency exchange losses were primarily driven by the U.S. Dollar weakening against the Canadian Dollar and the British Pound, partially offset by the U.S. Dollar strengthening against the Euro. For the three months ended June 30, 2020, the foreign currency exchange losses were primarily driven by the U.S. Dollar weakening against the Euro, Australian Dollar and Canadian Dollar. For the six months ended June 30, 2020, the foreign currency exchange losses were primarily driven by the U.S. Dollar weakening against the Euro, partially offset by the U.S. Dollar strengthening against the British Pound and the Canadian Dollar.

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 for the three and six months ended June 30, 2021 of $10.8 million and $12.7 million, respectively, primarily related to non-recurring costs associated with closing certain U.S. offices, severance expenses and retention bonuses, as compared to $3.5 million and $6.8 million for the same periods in 2020, which were primarily associated with the previously disclosed corporate governance and compensation matters.

Income Tax Provision

The consolidated income tax provision represents the income tax expense or benefit associated with our operations based on the tax laws of the jurisdictions in which we operate. Therefore, the consolidated provision for income taxes represents taxes on net income for our Brazil, Ireland, Italy, Malta, Switzerland, United Kingdom, and U.S. operations. The consolidated provision for income taxes was $8.9 million and $10.3 million, for the three and six months ended June 30, 2021, respectively, compared to $11.3 million and $10.3 million for the same periods ended 2020. The consolidated effective tax rates were 11.3% and 9.3% for the three and six months ended June 30, 2021, respectively, compared to consolidated effective tax rates of 191.5% and (52.0)% for the same periods ended 2020. The change in the effective tax rates for the three and six months ended June 30, 2021 was due to the jurisdictional mix of taxable income compared to the respective periods in 2020. The effective tax rates for the three and six months ended June 30, 2020 were also impacted by recognizing pre-tax losses concentrated in preferential taxing jurisdictions during those periods.

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 a Run-off Lines segment 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. With the sale of our reinsurance business in the fourth quarter of 2020, we do not anticipate writing significant new reinsurance business going forward.

- **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 including 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. Intersegment transactions are allocated to the segment that initiated the transaction. 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. Although this measure of profit (loss) does not replace net income (loss) computed in accordance with GAAP as a measure of profitability, management uses this measure of profit (loss) to focus our reporting segments on generating operating income.

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:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in millions)	2021	2020	2021	2020
Gross written premiums	$ 513.0	$ 480.2	$ 1,002.4	$ 956.7
Earned premiums	$ 314.5	$ 301.6	$ 628.9	$ 604.1
Losses and loss adjustment expenses	183.6	171.2	379.2	360.8
Underwriting, acquisition and insurance expenses	106.0	95.6	213.5	191.7
Underwriting income	24.9	34.8	36.2	51.6
Net investment income	33.7	0.8	62.5	26.0
Interest expense	(3.5)	(4.2)	(7.1)	(9.1)
Fee and other income (expense), net	(0.6)	(0.2)	(0.5)	(0.4)
Non-operating expenses	(0.9)	—	(0.9)	—
Income before income taxes	$ 53.6	$ 31.2	$ 90.2	$ 68.1
Loss ratio	58.3 %	56.8 %	60.3 %	59.8 %
Expense ratio	33.7 %	31.7 %	33.9 %	31.7 %
Combined ratio	92.0 %	88.5 %	94.2 %	91.5 %

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

	For the Three Months Ended June 30,			
	2021		2020	
(in millions)	Amount	Ratio	Amount	Ratio
Earned premiums	$ 314.5		$ 301.6	
Losses and loss adjustment expenses, as reported	$ 183.6	58.3 %	$ 171.2	56.8 %
Less:				
Favorable prior accident year loss development	0.5	0.2 %	0.6	0.2 %
Catastrophe losses, including COVID-19	(2.0)	(0.6)%	(6.5)	(2.1)%
Current accident year non-catastrophe losses (non-GAAP)	$ 182.1	57.9 %	$ 165.3	54.9 %
Expense ratio		33.7 %		31.7 %
Current accident year non-catastrophe combined ratio (non-GAAP)		91.6 %		86.6 %

	For the Six Months Ended June 30,			
	2021		2020	
(in millions)	Amount	Ratio	Amount	Ratio
Earned premiums	$ 628.9		$ 604.1	
Losses and loss adjustment expenses, as reported	379.2	60.3 %	360.8	59.8 %
Less:				
Favorable (unfavorable) prior accident year loss development	0.9	0.1 %	(2.7)	(0.5)%
Catastrophe losses, including COVID-19	(22.9)	(3.6)%	(16.0)	(2.6)%
Current accident year non-catastrophe losses (non-GAAP)	$ 357.2	56.8 %	$ 342.1	56.7 %
Expense ratio		33.9 %		31.7 %
Current accident year non-catastrophe combined ratio (non-GAAP)		90.7 %		88.4 %

Gross Written and Earned Premiums

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

	For the Three Months Ended June 30,			
	2021		2020	
(in millions)	Gross Written	Net Earned	Gross Written	Net Earned
Property	$ 72.8	$ 38.3	$ 81.5	$ 41.3
Liability	265.0	165.4	242.9	169.9
Professional	120.2	74.7	103.8	58.6
Specialty	55.0	36.1	52.0	31.8
Total	$ 513.0	$ 314.5	$ 480.2	$ 301.6

	For the Six Months Ended June 30,			
	2021		2020	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	$ 129.7	$ 80.8	$ 146.7	$ 80.7
Liability	531.5	331.1	512.8	342.2
Professional	232.2	146.4	201.0	114.1
Specialty	109.0	70.6	96.2	67.1
Total	$ 1,002.4	$ 628.9	$ 956.7	$ 604.1

Property

Gross written premiums for the three and six months ended June 30, 2021 decreased compared to the same periods in 2020 due to initiatives to improve profitability and reduce catastrophe exposure in certain underperforming business units and excess and surplus ("E&S") property business units. To offset the impact in this line, strong new business production drove premium increases in the garage and inland marine business units and a delegated authority habitational program. The decrease in net earned premiums for the three months ended June 30, 2021 compared to the same period in 2020 was primarily driven by decreases in property and certain underperforming business units offset by inland marine. Net earned premiums for the six months ended June 30, 2021 slightly increased compared to the same period in 2020 as a result of the growth in the inland marine business unit mitigating the premium reductions in certain underperforming business units and E&S property business units. The reductions in certain underperforming business units and E&S property business units also resulted in significantly less premiums ceded, which lessened the impact of the decrease in net earned premiums.

Liability

Gross written premiums increased for the three and six months ended June 30, 2021 compared to the same periods in 2020 was driven by the general liability lines and environmental lines targeted for growth and investment. New business production was the primary driver behind growth in construction, programs, garage and public entity classes. This was offset by planned reductions in contract binding, grocery and restaurant classes. Net earned premiums for the three and six months ended June 30, 2021 decreased compared to the same periods in 2020 primarily due to increased ceded premium. While the increase in economic activity has spurred growth in gross earned premiums in this line from general liability, workers compensation and environmental lines, this growth was offset by the runoff and remediation efforts for contract binding, grocery, and restaurant classes, as well as favorable reinsurance terms which lead to increased ceded premiums thereby reducing net earned premiums.

Professional

The growth in gross written and net earned premiums for the three and six months ending June 30, 2021 compared to the same periods in 2020 was driven by the favorable rate environment for the directors and officers products, new business growth from the errors and omissions products and the delegated authority programs.

Specialty

Gross written and net earned premiums for the three and six months ended June 30, 2021 increased compared to the same periods in 2020 due to growth achieved primarily in surety.

Loss and Loss Adjustment Expenses

The loss ratio for the second quarter of 2021 was 58.3% compared to 56.8% for the second quarter of 2020. The increased loss ratio was driven by a 3.0 percentage point increase in the current accident year non-catastrophe loss ratio, partially offset by a 1.5 percentage point decrease in catastrophe losses, which includes COVID-19-related claims. The impact from net favorable prior-year reserve development was 0.2 percentage points for each of the comparative periods.

The loss ratios for the six months ended June 30, 2021 and 2020 were 60.3% and 59.8%, respectively. The higher loss ratio in the first six months of 2021 was driven by a 1.0 percentage point impact from an increase in catastrophe losses, which includes COVID-19-related claims in 2020, as well as deterioration of 0.1 percentage point in the current accident year non-catastrophe loss ratio, partially offset by a 0.6 percentage point improvement related to net favorable prior-year reserve development in the first six months of 2021 compared to net unfavorable prior-year reserve development for the same period in 2020.

The current accident year non-catastrophe loss ratios for the three and six months ended June 30, 2021 were 57.9% and 56.8%, respectively, compared to 54.9% and 56.7% for the three and six months ended June 30, 2020, respectively. The current accident year non-catastrophe loss ratio for the three months ended June 30, 2021 was impacted by additional ceded reinstatement premium associated with Winter Storm Uri. In addition, the current accident year non-catastrophe loss ratio for the three months ended June 30, 2020 benefited from reduced claim activity driven by the slowdown in economic activity. The decrease in the ratio for the comparative six month period was partially attributable to rate improvement achieved over the past several quarters, partially offset by the factors noted above for the three months ended June 30, 2021.

Net favorable prior-year reserve development for the second quarter and first six months of 2021 were $0.5 million and $0.9 million, respectively, primarily related to specialty lines in our surety business unit offset by unfavorable movements in liability lines. Net favorable prior-year reserve development for the second quarter of 2020 was $0.6 million and primarily related to favorable development in specialty lines related to our surety and construction businesses, partially offset by unfavorable development in liability and special property lines. Net unfavorable prior year development for the first six months of 2020 was $2.7 million, driven by unfavorable development in general liability, commercial auto liability and special property, partially offset by favorable development in specialty related to our surety business unit.

Catastrophe losses for the second quarter and first six months of 2021 were $2.0 million and $22.9 million, respectively. The second quarter losses were from various small U.S. storms. The losses for the first six months were due to $18.9 million from Winter Storm Uri and $2.0 million from various small U.S. storms. Catastrophe losses for the second quarter and first six months of 2020 were $6.5 million and $16.0 million, respectively, which included $1.0 million and $8.5 million, respectively, associated with COVID-19, primarily on expected costs associated with potential litigation related to property exposures. The remaining catastrophe losses for the second quarter and first six months of 2020 were mainly attributable to various small U.S. storms and losses associated with civil unrest and social demonstrations, including riots in some locations, across the U.S.

Underwriting, Acquisition and Insurance Expenses

The expense ratios for the three and six months ended June 30, 2021 were 33.7% and 33.9%, respectively, compared to 31.7% for both the three and six months ended June 30, 2020. The deterioration in the expense ratios was primarily due to increases in acquisition expenses as a result of changes in business mix, higher gross commissions and lower ceding commissions, as the first three and six months of 2020 included additional ceding commission income.

International Operations

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in millions)	2021	2020	2021	2020
Gross written premiums	$ 302.1	$ 319.3	$ 569.0	$ 668.5
Earned premiums	$ 155.7	$ 131.8	$ 307.2	$ 264.1
Losses and loss adjustment expenses	86.8	101.1	197.4	192.6
Underwriting, acquisition and insurance expenses	61.4	57.6	124.1	117.9
Underwriting loss	7.5	(26.9)	(14.3)	(46.4)
Net investment income	13.9	0.5	25.9	9.1
Interest expense	(1.5)	(2.0)	(2.9)	(4.3)
Fee and other (expense) income, net	0.9	0.9	0.5	1.8
Non-operating expenses	(1.3)	—	(1.5)	—
Loss before income taxes	$ 19.5	$ (27.5)	$ 7.7	$ (39.8)
Loss ratio	55.7 %	76.7 %	64.3 %	72.9 %
Expense ratio	39.4 %	43.7 %	40.4 %	44.7 %
Combined ratio	95.1 %	120.4 %	104.7 %	117.6 %

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

	For the Three Months Ended June 30,			
	2021		2020	
(in millions)	Amount	Ratio	Amount	Ratio
Earned premiums	$ 155.7		$ 131.8	
Losses and loss adjustment expenses, as reported	$ 86.8	55.7 %	$ 101.1	76.7 %
Less:				
Favorable (unfavorable) prior accident year loss development	1.9	1.2 %	(1.5)	(1.2)%
Catastrophe losses, including COVID-19	(9.1)	(5.9)%	(21.4)	(16.2)%
Current accident year non-catastrophe losses (non-GAAP)	$ 79.6	51.0 %	$ 78.2	59.3 %
Expense ratio		39.4 %		43.7 %
Current accident year non-catastrophe combined ratio (non-GAAP)		90.4 %		103.0 %

	For the Six Months Ended June 30,			
	2021		2020	
(in millions)	Amount	Ratio	Amount	Ratio
Earned premiums	$ 307.2		$ 264.1	
Losses and loss adjustment expenses, as reported	197.4	64.3 %	192.6	72.9 %
Less:				
Favorable (unfavorable) prior accident year loss development	1.9	0.6 %	(1.1)	(0.4)%
Catastrophe losses, including COVID-19	(35.7)	(11.6)%	(41.0)	(15.5)%
Current accident year non-catastrophe losses (non-GAAP)	$ 163.6	53.3 %	$ 150.5	57.0 %
Expense ratio		40.4 %		44.7 %
Current accident year non-catastrophe combined ratio (non-GAAP)		93.7 %		101.7 %

Gross Written and Earned Premiums

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

	For the Three Months Ended June 30,			
	2021		2020	
(in millions)	Gross Written	Net Earned	Gross Written	Net Earned
Property	$ 81.1	$ 33.8	$ 132.3	$ 35.6
Liability	65.5	35.5	56.4	26.3
Professional	53.1	36.3	51.3	29.4
Specialty	102.4	50.1	79.3	40.5
Total	$ 302.1	$ 155.7	$ 319.3	$ 131.8

	For the Six Months Ended June 30,			
	2021		2020	
(in millions)	Gross Written	Net Earned	Gross Written	Net Earned
Property	$ 160.5	$ 75.9	$ 255.5	$ 71.3
Liability	122.8	65.7	112.4	46.3
Professional	106.2	69.5	107.0	58.1
Specialty	179.5	96.1	193.6	88.4
Total	$ 569.0	$ 307.2	$ 668.5	$ 264.1

Property

The decrease in gross written premiums for the three and six months ended June 30, 2021 as compared to the same periods in 2020 was primarily due to the sale of Ariel Re. This also drove the decrease in net earned premiums for the three months ended June 30, 2021 as compared to the same period in 2020. The increase in net earned premiums for the six months ended June 30, 2021 as compared to the same period in 2020 was driven by growth in Syndicate 1200 due to decreasing our use of third-party capital at Lloyd's, continued improvement in the rate environment and a reduction in ceded premium due to the non-renewal of a multi-year reinsurance contract following the planned reductions in gross catastrophe exposures during the first quarter of 2021. However, a mid-year property catastrophe reinsurance cover was purchased on a group-wide basis to manage exposures through the windstorm season.

Liability

The increase in gross written and net earned premiums for the three and six months ended June 30, 2021 as compared to the same periods in 2020 was due to growth in Syndicate 1200 where we are now writing international casualty treaty reinsurance business, and in Bermuda Insurance where we are benefiting from favorable rate changes and new business accounts. This was partially offset by the sale of Ariel Re.

Professional

The increase in gross written premiums for the three months ended June 30, 2021 as compared to the same period in 2020 was driven by Syndicate 1200 as a result of favorable rate changes and increased new business opportunities. The decrease in gross written premiums for the six months ended June 30, 2021 as compared to the same period in 2020 was due to lower premiums from our Europe operations where we have stopped writing new business as that unit was placed into run-off. The increase in net earned premiums for the three and six months ended June 30, 2021 as compared to the same periods in 2020 was due to increases in Syndicate 1200 from reducing our use of third-party capital at Lloyd's and the favorable rate environment, as well as growth in Bermuda Insurance driven by favorable rate changes and new and expanded business.

Specialty

The increase in gross written premiums for the three months ended June 30, 2021 as compared to the same period in 2020 was driven by growth in Syndicate 1200 arising from the new terrorism class, combined with premium growth in political risks. The decrease in gross written premiums for the six months ended June 30, 2021 as compared to the same period in 2020 was primarily due to the sale of Ariel Re, partially offset by growth in Syndicate 1200 arising from political risks and the new terrorism class. The increase in net earned premiums for the three and six months ended June 30, 2021 as compared to the same periods in 2020 was driven by Syndicate 1200 due to the aforementioned premium growth and decreased use of third-party capital at Lloyd's, as well as our Latin American operation as a result of growth in our Brazilian cargo marine business.

Loss and Loss Adjustment Expenses

The loss ratio for the second quarter of 2021 was 55.7% compared to 76.7% for the second quarter of 2020. The decreased loss ratio was driven by a 10.3 percentage point decrease in catastrophe losses, which includes COVID-19-related claims, an 8.3 percentage point decrease in the current accident year non-catastrophe loss ratio, and a 2.4 percentage point period-over-period impact related to net favorable prior-year reserve development in the second quarter of 2021 as compared to net unfavorable prior-year reserve development in the second quarter of 2020.

The loss ratios for the six months ended June 30, 2021 and 2020 were 64.3% and 72.9%, respectively. The decreased loss ratio in the first six months of 2021 was driven by a 3.9 percentage point decrease in catastrophe losses, which includes COVID-19-related claims, a 3.7 percentage point decrease in the current accident year non-catastrophe loss ratio, and a 1.0 percentage point period-over-period impact related to net favorable prior-year reserve development in the second quarter of 2021 as compared to net unfavorable prior-year reserve development in the second quarter of 2020.

The current accident year non-catastrophe loss ratios for the three and six months ended June 30, 2021 were 51.0% and 53.3%, respectively, compared to 59.3% and 57.0% for the three and six months ended June 30, 2020. The decreases in the ratios for the comparative three and six month periods are primarily due to rate improvements achieved over the last several quarters and a decrease in large loss activity in Syndicate 1200.

Net favorable prior-year reserve development was $1.9 million for both the second quarter and first six months of 2021, primarily related to favorable development in property lines, including losses associated with prior year catastrophe losses, partially offset by unfavorable development in Argo Insurance Bermuda due to large claim movements and unfavorable development in Europe's surety business. Net unfavorable prior-year reserve development for the second quarter of 2020 was $1.5 million and primarily related to unfavorable development in Europe's surety business. Net unfavorable prior-year reserve development for the first six months of 2020 was $1.1 million and primarily related to unfavorable development in general liability and Europe's surety business, partially offset by favorable development in special property and specialty lines.

Catastrophe losses for the second quarter and first six months of 2021 were $9.1 million and $35.7 million, respectively, primarily due to Winter Storm Uri and COVID-19. Catastrophe losses for the second quarter and first six months of 2021 included $4.6 million and $9.0 million, respectively, associated with COVID-19, primarily resulting from contingency exposures. Catastrophe losses for the second quarter and first six months of 2020 were $21.4 million and $41.0 million, respectively, which included $16.4 million and $35.1 million, respectively, associated with COVID-19, primarily resulting from contingency and property exposures. The property losses relate to sub-limited affirmative business interruption coverage in certain International markets, as well as expected costs associated with potential litigation. The remaining catastrophe losses for the second quarter and first six months of 2020 were mainly attributable to storms in Europe and losses associated with civil unrest and social demonstrations, including riots in some locations, across the U.S.

Underwriting, Acquisition and Insurance Expenses

The expense ratio for the three and six months ended June 30, 2021 were 39.4% and 40.4%, respectively, compared to 43.7% and 44.7% for the same periods in 2020. The improvements in the expense ratios were driven by growth in net earned premiums, which exceeded the growth in non-acquisition expenses and were coupled with reduced acquisition expense ratios primarily due to mix of business.

Run-off Lines

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in millions)	2021	2020	2021	2020
Earned premiums	$ 0.1	$ —	$ 0.3	$ 0.2
Losses and loss adjustment expenses	1.2	0.9	2.6	0.7
Underwriting, acquisition and insurance expenses	—	0.2	0.3	1.1
Underwriting loss	(1.1)	(1.1)	(2.6)	(1.6)
Net investment income	1.1	0.1	1.9	1.3
Interest expense	(0.1)	(0.3)	(0.2)	(0.5)
Non-operating expenses	—	—	1.4	—
(Loss) income before income taxes	$ (0.1)	$ (1.3)	$ 0.5	$ (0.8)

Losses and Loss Adjustment Expenses

Losses and loss adjustment expenses for the three months ended June 30, 2021 and 2020 were the result of unfavorable loss reserve development on prior accident years in other run-off lines.

Losses and loss adjustment expenses for the six months ended June 30, 2021 and 2020 were the result of unfavorable loss reserve development on prior accident years in other run-off lines. The six months ended June 30, 2020 also included favorable loss reserve development on prior accident years in risk management workers compensation reserves.

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

	For the Six Months Ended June 30,			
	2021		2020	
(in millions)	Gross	Net	Gross	Net
Asbestos and environmental:				
Loss reserves, beginning of the year	$ 59.2	$ 50.6	$ 52.6	$ 43.8
Incurred losses	1.2	1.2	0.5	0.5
Losses paid	(6.1)	(5.2)	(5.9)	(4.6)
Loss reserves - asbestos and environmental, end of period	54.3	46.6	47.2	39.7
Risk-management reserves	159.0	92.3	182.6	114.6
Run-off reinsurance reserves	—	—	0.5	0.5
Other run-off lines	12.8	6.8	11.6	7.0
Total loss reserves - Run-off Lines	$ 226.1	$ 145.7	$ 241.9	$ 161.8

Underwriting, Acquisition and Insurance Expenses

Underwriting, acquisition and insurance expenses for Run-off Lines consist primarily of administrative expenses. The decreases in underwriting expenses for the three and six months ended June 30, 2021, as compared to the same periods ended 2020, were primarily attributable to lower overhead expenses.

Liquidity and Capital Resources

Cash Flows

The primary sources of our cash flows are premiums, reinsurance recoveries, proceeds from sales and redemptions of investments and investment income. The primary cash outflows are claim payments, loss adjustment expenses, reinsurance costs, purchases of investments and operating expenses. Additional cash outflow occurs through payments of underwriting and acquisition costs such as commissions, taxes, payroll and general overhead expenses. Our management believes that cash receipts from premiums, proceeds from investment sales and redemptions and investment income are sufficient to cover cash outflows for at least the next twelve months. Should the need for additional cash arise, we believe we will have access to additional sources of liquidity.

Our liquidity and capital resources were not materially impacted by COVID-19 and related economic conditions during the first half of 2021.

On October 12, 2020, ArgoGlobal, the Lloyd's insurer and member of Argo Group, announced a reinsurance-to-close ("RITC") transaction with legacy specialist RiverStone. Upon completion of the transaction, RiverStone undertook an RITC of ArgoGlobal's Syndicate 1200 for 2017 and prior years with net technical provision of approximately $250.0 million. The transaction received regulatory approval on February 1, 2021, with the RITC becoming effective on January 1, 2021, and had no impact on our consolidated results of operations.

Cash provided by operating activities can fluctuate due to timing differences in the collection of premiums and reinsurance recoveries and the payment of losses, expenses and outward reinsurance premiums. For the six months ended June 30, 2021, net cash used in operating activities was $12.5 million. For the six months ended June 30, 2020, net cash used in operating activities was $103.1 million. The decrease in net cash flows used in operating activities for the first half of 2021, as compared to the same period in 2020, was attributable to various fluctuations within our operating activities, and primarily related to the timing of reinsurance recoveries and premium cash receipts in the respective periods.

For the six months ended June 30, 2021, net cash provided by investing activities was $79.1 million. For the six months ended June 30, 2020, net cash provided by investing activities was $175.8 million. The decrease in cash provided by investing was mainly the result of the decrease in the proceeds from sale of fixed maturities and short-term investments, partially offset by a decrease in cash used to purchase fixed maturities and an increase in the proceeds from maturities of fixed maturities. As of June 30, 2021, $530.2 million of the investment portfolio was invested in short-term investments.

For the six months ended June 30, 2021 and 2020, net cash used in financing activities was $26.4 million and $20.3 million, respectively. During the six months ended June 30, 2021 and 2020, we did not repurchase any common shares. We paid cash dividends to our common shareholders totaling $21.9 million and $21.3 million during the six months ended June 30, 2021 and 2020, respectively. We paid cash dividends to our preferred shareholders totaling $5.3 million during the six months ended June 30, 2021.

Argo Common Shares and Dividends

For the six months ended June 30, 2021, our Board of Directors declared quarterly cash dividends in the aggregate amount of $0.62 per share. Cash dividends paid for the six months ended June 30, 2021 totaled $21.9 million.

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

On May 3, 2016, our Board of Directors authorized the repurchase of up to $150.0 million of our common shares ("2016 Repurchase Authorization"). The 2016 Repurchase Authorization superseded all the previous repurchase authorizations. The program allows the Company to repurchase its shares opportunistically from time to time when it believes that doing so would enhance long-term shareholder value. The repurchase authorization does not have a fixed expiration. Purchases may be effected through one or more open market transactions, privately negotiated transactions, transactions with financial institutions or a combination of the foregoing. Shares purchased are being held as treasury shares in accordance with the provisions of the Bermuda Companies Act 1981. As of June 30, 2021, availability under the 2016 Repurchase Authorization for future repurchases of our common shares was $53.3 million.

Preferred Stock Dividends

For the six months ended June 30, 2021, our Board of Directors declared quarterly cash dividends in the aggregate amount of $875.000 per share on our Series A Preference Shares. Cash dividends paid for the six months ended June 30, 2021 totaled $5.3 million.

On August 6, 2021, our Board of Directors declared a quarterly cash dividend in the amount of $437.500 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 $0.437500 per Depositary Share. The dividend will be paid on September 15, 2021 to our shareholders of record on August 31, 2021.

Revolving Credit Facility and Term Loan

On November 2, 2018, each of Argo Group, Argo Group U.S., 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 replaced the prior $325 million Credit Agreement (the "Prior Agreement"), dated as of March 3, 2017. In addition, the Credit Agreement provided for a $200 million revolving credit facility, and the commitments thereunder shall expire on November 2, 2023 unless extended in accordance with the terms of the Credit Agreement.

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

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

Included in the Credit Agreement is a provision that allows up to $200.0 million of the revolving credit facility to be used for letters of credit ("LOCs"), subject to availability. As of June 30, 2021, there were no borrowings outstanding and $70.5 million in LOCs against the revolving credit facility.

Senior Notes

In September 2012, Argo Group (the "Parent Guarantor"), through its subsidiary Argo Group US (the "Subsidiary Issuer"), issued $143,750,000 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, on or after September 15, 2017, at the Subsidiary Issuer's option, at any time and from time to time, prior to maturity at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued but unpaid interest on the principal amount being redeemed to, but not including, the redemption date.

In accordance with Article 10 of SEC Regulation S-X, we have elected to present condensed consolidating financial information in lieu of separate financial statements for the Subsidiary Issuer. The following tables present condensed consolidating financial information at June 30, 2021 and December 31, 2020 and for the six months ended June 30, 2021, 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
JUNE 30, 2021
(in millions)
(Unaudited)

	Argo Group International Holdings, Ltd. (Parent Guarantor)	Argo Group US, Inc. and Subsidiaries (Subsidiary Issuer)	Other Subsidiaries and Eliminations [1]	Consolidating Adjustments [2]	Total
Assets					
vestments	$ 2.0	$ 3,749.4	$ 1,434.5	$ —	$ 5,185.9
ash	3.6	60.8	126.3	—	190.7
ccrued investment income	—	16.7	4.1	—	20.8
remiums receivable	—	287.3	394.4	—	681.7
einsurance recoverables	—	1,768.4	1,091.5	—	2,859.9
oodwill and other intangible assets, net	—	118.5	89.3	—	207.8
urrent income taxes receivable, net	—	—	—	—	—
eferred tax assets, net	—	0.1	32.2	—	32.3
eferred acquisition costs, net	—	95.6	72.6	—	168.2
eded unearned premiums	—	363.4	227.6	—	591.0
perating lease right-of-use assets	5.8	48.7	24.3	—	78.8
ther assets	13.1	126.0	208.9	—	348.0
ssets held for sale	—	2.9	0.3	—	3.2
ntercompany notes receivable	—	95.1	(95.1)	—	—
vestments in subsidiaries	1,951.4	—	—	(1,951.4)	—
Total assets	$ 1,975.9	$ 6,732.9	$ 3,610.9	$ (1,951.4)	$ 10,368.3
Liabilities and Shareholders' Equity					
Reserves for losses and loss adjustment expenses	$ —	$ 3,430.9	$ 1,807.7	$ —	$ 5,238.6
nearned premiums	—	955.8	517.9	—	1,473.7
unds held and ceded reinsurance payable, net	—	506.6	486.6	—	993.2
ebt	28.4	284.5	145.7	—	458.6
urrent income taxes payable, net	—	16.3	(11.0)	—	5.3
Accrued underwriting expenses and other liabilities	3.1	114.2	90.1	—	207.4
perating lease liabilities	5.8	57.0	30.8	—	93.6
ue to (from) affiliates	40.7	(0.8)	0.8	(40.7)	—
Total liabilities	78.0	5,364.5	3,068.6	(40.7)	8,470.4
Total shareholders' equity	1,897.9	1,368.4	542.3	(1,910.7)	1,897.9
Total liabilities and shareholders' equity	$ 1,975.9	$ 6,732.9	$ 3,610.9	$ (1,951.4)	$ 10,368.3

[1] Includes all other subsidiaries of Argo Group International Holdings, Ltd. and all intercompany eliminations.

[2] Includes all Argo Group parent company eliminations.

CONDENSED CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2020
(in millions)

	Argo Group International Holdings, Ltd. (Parent Guarantor)	Argo Group US, Inc. and Subsidiaries (Subsidiary Issuer)	Other Subsidiaries and Eliminations [1]	Consolidating Adjustments [2]	Total
Assets					
Investments	$ 0.6	$ 3,628.8	$ 1,626.4	$ —	$ 5,255.8
Cash	3.0	17.4	128.4	—	148.8
Accrued investment income	—	16.7	5.1	—	21.8
Premiums receivable	—	267.5	412.3	—	679.8
Reinsurance recoverables	—	1,761.2	1,247.8	—	3,009.0
Goodwill and other intangible assets, net	—	118.5	89.3	—	207.8
Current income taxes receivable, net	—	(5.6)	8.6	—	3.0
Deferred tax assets, net	—	(4.6)	21.3	—	16.7
Deferred acquisition costs, net	—	97.1	66.5	—	163.6
Ceded unearned premiums	—	340.6	234.5	—	575.1
Operating lease right-of-use assets	6.2	51.7	24.1	—	82.0
Other assets	14.5	153.5	126.7	—	294.7
Assets held for sale	—	7.4	0.3	—	7.7
Intercompany note receivable	—	59.0	(59.0)	—	—
Investments in subsidiaries	1,881.9	—	—	(1,881.9)	—
Total assets	$ 1,906.2	$ 6,509.2	$ 3,932.3	$ (1,881.9)	$ 10,465.8
Liabilities and Shareholders' Equity					
Reserves for losses and loss adjustment expenses	$ —	$ 3,348.7	$ 2,057.3	$ —	$ 5,406.0
Unearned premiums	—	951.2	513.6	—	1,464.8
Funds held and ceded reinsurance payable, net	—	489.0	526.1	—	1,015.1
Debt	28.4	284.5	145.8	—	458.7
Accrued underwriting expenses and other liabilities	6.3	67.8	93.5	—	167.6
Operating lease liabilities	6.2	60.4	29.2	—	95.8
Due to (from) affiliates	7.5	0.9	(0.9)	(7.5)	—
Total liabilities	48.4	5,202.5	3,364.6	(7.5)	8,608.0
Total shareholders' equity	1,857.8	1,306.7	567.7	(1,874.4)	1,857.8
Total liabilities and shareholders' equity	$ 1,906.2	$ 6,509.2	$ 3,932.3	$ (1,881.9)	$ 10,465.8

[1] Includes all other subsidiaries of Argo Group International Holdings, Ltd. and all intercompany eliminations.

[2] Includes all Argo Group parent company eliminations.

CONDENSED CONSOLIDATING STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(in millions)
(Unaudited)

	Argo Group International Holdings, Ltd (Parent Guarantor)	Argo Group US, Inc. and Subsidiaries (Subsidiary Issuer)	Other Subsidiaries and Eliminations (1)	Consolidating Adjustments (2)	Total
Premiums and other revenue:					
Earned premiums	$ —	$ 626.1	$ 310.3	$ —	$ 936.4
Net investment income	—	71.0	26.1	—	97.1
Net realized investment (losses) gains	—	26.2	11.6	—	37.8
Total revenue	—	723.3	348.0	—	1,071.3
Expenses:					
Losses and loss adjustment expenses	—	372.5	206.7	—	579.2
Underwriting, acquisition and insurance expenses	0.8	228.1	124.8	—	353.7
Non-operating expenses	0.8	10.4	1.5	—	12.7
Interest expense	0.6	7.2	3.0	—	10.8
Fee and other expense (income), net	—	(0.3)	(0.4)	—	(0.7)
Foreign currency exchange losses	—	—	5.7	—	5.7
Total expenses	2.2	617.9	341.3	—	961.4
(Loss) income before income taxes	(2.2)	105.4	6.7	—	109.9
Provision (benefit) for income taxes	—	20.5	(10.2)	—	10.3
Net (loss) income before equity in earnings of subsidiaries	(2.2)	84.9	16.9	—	99.6
Equity in undistributed earnings of subsidiaries	101.8	—	—	(101.8)	—
Net income (loss)	$ 99.6	$ 84.9	$ 16.9	$ (101.8)	$ 99.6
Dividends on preferred shares	$ 5.3	$ —	$ —	$ —	$ 5.3
Net income (loss) attributable to common shareholders	$ 94.3	$ 84.9	$ 16.9	$ (101.8)	$ 94.3

(1) Includes all other subsidiaries of Argo Group International Holdings, Ltd. and all intercompany eliminations.
(2) Includes all Argo Group 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 Annual Report on Form 10-K for the year ended December 31, 2020 that Argo Group filed with the SEC on March 15, 2021 for information on accounting policies that we consider critical in preparing our consolidated financial statements. These policies include significant estimates made by management using information available at the time the estimates were made. However, these estimates could change materially if different information or assumptions were used.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Interest Rate Risk

Our primary market risk exposure is the exposure of our fixed maturity investment portfolio to interest rate risk and the changes in interest rates. Fluctuations in interest rates have a direct impact on the fair value of these securities. As interest rates rise, the fair value of our fixed maturity portfolio falls and the converse is also true. We manage interest rate risk through an active portfolio management strategy that involves the selection of investments with appropriate characteristics such as duration, yield, currency and liquidity that are tailored to the anticipated cash outflow characteristics of our liabilities. A significant portion of our investment portfolio matures each year, allowing for reinvestment at current market rates. The model duration of the assets comprising our fixed maturity investment portfolio was 3.09 years and 2.78 years at June 30, 2021 and December 31, 2020, respectively.

Credit Risk

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

We also have exposure to credit risk in our investment holdings. Our risk management strategy and investment policy attempts to mitigate this risk by primarily investing in debt instruments of high credit quality issuers, limiting credit concentration, monitoring the credit quality of issuers and counterparties and diversifying issuers. The weighted average rating of our fixed maturity investments was A+ with 91.6% and 91.4% rated investment grade or better (BBB- or higher) at June 30, 2021 and December 31, 2020, 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 June 30, 2021:

Other Fixed Maturities	Book Value	Fair Value
AAA	$ 490.5	$ 500.9
AA	316.3	322.7
A	789.6	810.2
BBB	763	782.9
BB/B	266	270
CCC and Below	31.1	25.3
Unrated	45.6	45.2
Other Fixed Maturities	$ 2,702.1	$ 2,757.2

Structured Securities	Book Value	Fair Value
AAA	$ 1,125.4	$ 1,142.8
AA	54.8	58
A	55.5	56.2
BBB	35.4	35.3
BB/B	6.6	6.8
CCC and Below	0.5	0.6
Unrated	0.9	0.8
Structured Securities	$ 1,279.1	$ 1,300.5

Total Fixed Maturities	Book Value	Fair Value
AAA	$ 1,615.9	$ 1,643.7
AA	371.1	380.7
A	845.1	866.4
BBB	798.4	818.2
BB/B	272.6	276.8
CCC and Below	31.6	25.9
Unrated	46.5	46
Total Fixed Maturities	$ 3,981.2	$ 4,057.7

Our portfolio also includes alternative investments with a carrying value at June 30, 2021 and December 31, 2020 of $412.3 million and $429.4 million (7.9% and 8.2% of total invested assets) respectively. We may invest in both long and short equities, corporate debt securities, currencies, real estate, commodities and derivatives. We attempt to mitigate our risk by selecting managers with extensive experience, proven track records and robust controls and processes. We also attempt to mitigate our risk by diversifying through multiple managers and different types of assets and asset classes.

Equity Price Risk

We hold a diversified portfolio of equity securities with a fair value of $185.7 million and $176.7 million (3.6% and 3.4% of total invested assets) at June 30, 2021 and December 31, 2020, 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 losses in the investment portfolio of $4.4 million and $5.7 million for the three and six months ended June 30, 2021 from movements in foreign currency rates. We recognized losses in the investment portfolio of $8.7 million and $6.2 million for the three and six months ended June 30, 2020 from movements in foreign currency rates. We recognized losses of $3.6 million and $6.9 million for the three and six months ended June 30, 2021 on our foreign currency forward contracts. We recognized losses of $3.3 million and $2.3 million for the three and six months ended June 30, 2020 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 not effective as of December 31, 2020, and continue to be not effective as of June 30, 2021, because of the material weakness in internal control over financial reporting, as further described under "Remediation" below.

There were no changes in internal control over financial reporting made during the quarter ended June 30, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, other than the remediation efforts described below.

Remediation

Please refer to Part II, Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 15, 2021. for a description of our remediation plan to address the material weakness identified during our audit of internal controls for the year then ended. The weakness will not be considered remediated, until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that the remediation of this material weakness will be completed prior to the end of 2021.

PART II. OTHER INFORMATION

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

Item 1. Legal Proceedings

Other

We and our subsidiaries are parties to legal actions from time to time, generally incidental to our and their business. While any litigation or arbitration proceedings include an element of uncertainty, management believes that the resolution of these matters will not materially affect our financial condition or results of operations.

Item 1A. Risk Factors

See "Part I, Item 1A—Risk Factors" of Argo Group's Annual Report on Form 10-K for the year ended December 31, 2020 for a detailed discussion of the additional risk factors affecting the Company.

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. The 2016 Repurchase Authorization supersedes all the previous Repurchase Authorizations.

From January 1, 2021 through June 30, 2021, 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 June 30, 2021, we have repurchased 11,315,889 of our common shares at an average price of $40.22 for a total cost of $455.1 million. These shares are being held as treasury shares in accordance with the provisions of the Bermuda Companies Act 1981. As of June 30, 2021, 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 June 30, 2021, we received 16,169 common shares, with an average price paid per share of $51.20 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 June 30, 2021. 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)
April 1 through April 30, 2021	11,198	$ 50.40	—	$ 53,281,805
May 1 through May 31, 2021	1,010	$ 57.24	—	$ 53,281,805
June 1 through June 30, 2021	3,961	$ 51.94	—	$ 53,281,805
Total	16,169		—	

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

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 Number	Description
10.1	Service Agreement between Argo Management Services Limited and Matt Harris, dated August 1, 2017
31.1	Rule 13a – 14(a)/15d – 14(a) Certification of the Chief Executive Officer
31.2	Rule 13a – 14(a)/15d – 14(a) Certification of the Chief Financial Officer
32.1	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
32.2	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
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

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

ARGO GROUP INTERNATIONAL HOLDINGS, LTD.

August 6, 2021	By	/s/ Kevin J. Rehnberg Kevin J. Rehnberg President and Chief Executive Officer
August 6, 2021	By	/s/ Scott Kirk Scott Kirk Chief Financial Officer

ARGOGLOBAL
Member Argo Group

DATED 1 AUGUST 2017

(1) ARGO MANAGEMENT SERVICES LIMITED

and

(2) MATT HARRIS

EMPLOYMENT CONTRACT

Argo Management Services Limited
Exchequer Court, 33 St Mary Axe
London, EC3A 8AA, UK

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EMPLOYMENT CONTRACT

DATE: 1 August 2017

PARTIES:

(1) Argo Management Services Limited, whose registered office is at Exchequer Court, 33 St Mary Axe, London, EC3A 8AA ("the Company"); and

(2) Matt Harris of 4 Treasure Island, Sentosa Cove, Singapore 098343 ("the Executive").

OPERATIVE PROVISIONS

1. Interpretation

1.1 In this Agreement the following words and expressions shall have the following meanings:

"Group Company" means any company, which is the parent undertaking or a subsidiary undertaking of the Company or other subsidiary undertaking of the Company's parent undertaking from time to time where the expressions "**subsidiary undertaking**" and "**parent undertaking**" have the meanings given to them by section 1162 Companies Act 2006;

"Termination Date" means the date of the termination of the employment of the Executive hereunder, howsoever caused.

1.2 In this Agreement (unless the context otherwise requires):

(a) any reference to any statute or statutory provision shall be construed as including a reference to any modification, re-enactment or extension of such statute or statutory provision for the time being in force or to any subordinate legislation made under the same;

(b) any reference to a Clause is to a Clause of this Agreement;

(c) the expression "directly or indirectly" means (without prejudice to the generality of the expression) either alone or jointly with or on behalf of any other person, firm or body corporate and whether on his own account or in partnership with another or others or

as the holder of any interest in or as officer, employee or agent of or consultant to any other person, firm or body corporate.

1.3 The index and headings contained in this Agreement are for convenience only and do not form part of and shall not affect the construction of this Agreement or any part of it.

2. Appointment

2.1 The Company hereby appoints the Executive and the Executive agrees to serve the Company as Head of Europe/Asia.

2.2 The Executive warrants that by virtue of entering into this Agreement he will not be in breach of any express or implied terms of any contract with or of any other obligation to any third party binding upon him.

2.3 The Executive warrants that he is entitled to work in the United Kingdom without any additional approvals and will notify the Company immediately if he ceases to be so entitled during his employment.

2.4 The Company will be entitled from time to time without any further consent from the Executive to second the Executive to the employment of any other Group Company without prejudice to the rights of the Executive under this Agreement or to the provisions of this Agreement or to transfer this Agreement to any other Group Company at any time and without prior notice to the Executive so that this Agreement shall have effect after the transfer as if originally made between the Executive and such Group Company.

3. Term and notice

3.1 The Executive's employment is subject to a probationary period of 3 months, during which time his performance and conduct will be appraised and monitored. If his performance is not satisfactory the Company reserves the right to extend the probationary period or to terminate the Executive's employment by giving one month's notice. During the probationary period the Executive may terminate his employment by giving the Company one month's notice. On successful completion of the probationary period, the provisions of the rest of this Clause 3 and this Agreement will apply in respect of the termination of the Executive's employment.

3.2 Subject to the provisions of Clause 15, the employment of the Executive shall commence 1 August 2017, following which the employment shall continue unless and until terminated by either party giving the other not less than 6 months' notice.

3.3 The Company reserves the option in its absolute discretion to terminate the Executives' employment by paying him in lieu of notice. The payment shall be based solely on the Executive's basic salary under clause 5.1, without taking into account any bonus, profit commission, holiday pay, pension contributions or benefits in kind, and shall be subject to deductions for income tax and national insurance contributions as appropriate. The Executive will not, under any circumstances, have any right to a payment in lieu of notice unless the Company has made an election by written notice to make such a payment to the Executive.

3.4 The Executive's employment under this Agreement will commence on 1 August 2017. For the purposes of continuous employment in accordance with s.231(6) Employment Rights Act 1996, the Executive's continuous employment dates from 1 August 2017.

4. Duties

4.1 The Executive shall during the continuance of his employment:

4.1.1 exercise such powers and perform such duties in relation to the business of the Company or of any Group Company as may from time to time be vested in or assigned to him;

4.1.2 well and faithfully serve the Company and any relevant Group Companies to the best of his ability and carry out his duties in a proper and efficient manner and use his best endeavours to promote and maintain their interests and reputation;

4.1.3 unless prevented by sickness, injury or other incapacity or as otherwise agreed by the Company devote the whole of his time, attention and abilities on a full time basis, for such hours as may be necessary for the proper performance of his duties to the business affairs of the Company and any relevant Group Company for which he is required to perform duties.

4.2 In performance of his duties the Executive shall:

4.2.1 comply with the Company's normal hours of work and will also work any additional hours which are reasonably necessary to perform his duties. The Executive will not receive any further remuneration for any hours worked in addition to the normal working hours. Attached to this Agreement at Annex A is an opt-out agreement for the purposes of the Working Time Regulations 1998 ("the Regulations"). Although the Executive may be exempt from the Regulations, the effect of signing an opt-out would be to confirm that, until notice in accordance with the opt-out terms is given, employment under this Agreement will not be covered by the 48 hour per week maximum limit on working hours imposed by the Regulations. The Executive is hereby requested to sign the opt-out annexed to this Agreement at Annex A;

4.2.2 perform his duties at Exchequer Court, 33 St Mary Axe, London, EC3A 8AA or at such other location as the Company shall reasonably require, whether on a permanent or temporary basis;

4.2.3 travel to such places (whether inside or outside the United Kingdom) in such manner and on such occasions as the Company may from time to time reasonably require;

and if so required by the Company, perform his duties hereunder jointly with such other person or persons as the Company may from time to time reasonably require.

4.3 For the avoidance of doubt, subject always to the Executive retaining the same or a similar level of responsibility, authority, remuneration and status, the Company may, in its absolute discretion, reasonably vary from time to time the functions and job title of the Executive.

5. Salary

5.1 The Company shall pay to the Executive by way of remuneration for his services under this Agreement a basic salary of £375,000, which shall accrue from day to day and be payable in arrears by equal monthly instalments on or around the 24th of each month by credit transfer to your nominated bank or building society account. Where the Executive is only employed during part of a month the salary will be pro-rated.

5.2 Such salary shall be reviewed by the Company based on the Executive's month of hire with any adjustment being effective in the quarter during which the review took place, but without any commitment to increase.

5.3 The Company shall be entitled to deduct from any sums payable to the Executive (including salary) all sums from time to time owed to the Company or to any Group Company by the Executive howsoever arising and the Executive expressly agrees to such deductions, pursuant to Part II of the Employment Rights Act 1996.

6. Sign on Bonus

6.1 You will receive a sign on bonus of £60,000 which will be paid in the first payroll following the end of the probationary period referenced in Section 3.1. The payment will be made subject to the requirement that on the Payment Date you must still be employed by the Company, not be serving notice of termination of your employment (whether given by you or the Company), or be under any disciplinary proceedings.

6.2 The net sign on bonus amount (after deductions for tax and national insurance) will be fully repayable should your employment with the Company end or should you have given notice before you have completed 12 months service.

7. Expenses

The Company shall reimburse the Executive all reasonable travelling, hotel, entertainment and other out of pocket expenses properly incurred by him in or about the performance of his duties under this Agreement subject to his compliance with the Company's then current guidelines, if any, relating to expenses and to the production of receipts, vouchers or other supporting documents.

8. Profit Sharing Plan

8.1 At the absolute discretion of the Company the Executive may during the continuance of his employment, in addition to the basic salary payable to him pursuant to Clause 5.1, be allowed to participate in such bonus schemes as the Company may operate for employees of comparable status from time to time, subject to the rules of any such schemes from time to time. Any bonus shall not form part of the Executive's contractual remuneration under this agreement. If the Company makes a bonus payment to the Executive in respect of a particular financial year of the Company it shall not be obliged to make subsequent bonus payments to him in respect of subsequent financial years of the Company. Your profit sharing target is 50% of your annual base salary. Your profit share award will be calculated on a pro rata basis according to your start date. For the avoidance of doubt, if your start date is after 1 October, you will not be eligible to participate in the profit sharing scheme in your year of joining.

8.2 The Company may alter the terms of bonus targets or withdraw them altogether at any time without prior notice.

8.3 The Executive will have no right to a bonus or time-apportioned bonus if his employment terminates for any reason or he is under notice of termination (whether given by the Executive or the Company) at or prior to the date when a bonus might otherwise have been payable.

8.4 Any bonus payable in accordance with this clause 8 shall not be pensionable.

8.5 ***Solvency II – Personal Hedging Strategies***

You agree that you will not use personal hedging strategies or remuneration or liability-related contracts of insurance to undermine the risk alignment effects embedded in your remuneration arrangements.

"Personal hedging strategies" means: entering into an arrangement with a third party under which the third party will make payments, directly or indirectly, to that person that are linked to or commensurate with the amounts by which the person's remuneration is subject to reductions.

9. Share Schemes

9.1 At the absolute discretion of the Company, the Executive may be allowed to participate in such share schemes as the Company may operate for employees of comparable status, subject to the rules of such schemes from time to time and upon such terms as the Company may from time to time determine. In any such share scheme, no shares, securities, option or rights to acquire the same shall vest or accrue after notice of termination has been given by either party including where the Executive is on garden leave.

9.2 The Executive shall have no claim against the Company or any Group Company in connection with the termination of his employment in relation to the provision of any written agreement which has the effect of requiring the Executive to sell or give up shares, securities, option or rights to acquire the same and/or which causes any such option or rights to lapse or reduce in value.

9.3 The Executive's target participation in the Long Term Incentive Plan ("LTI Plan") £180,000 subject to the terms and conditions of the LTI Plan in place at time of payment.

10. Pensions, health and medical insurance

10.1 The Executive shall during his employment, subject to the insurer in each case accepting the Executive for cover under the relevant policy and at normal rates, be entitled to participate in any:

10.1.1 permanent health insurance scheme;

10.1.2 arrangements for private medical treatment or medical health insurance;

10.1.3 life insurance scheme; and

10.1.4 critical illness insurance scheme;

10.2 operated from time to time by or for the Company for the benefit of employees of the Company or any Group Company of equivalent status to the Executive, subject to any applicable rules and conditions and subject to the Company's right to substitute other schemes for such schemes or amend the scale, and level of benefits provided under such schemes provided that any such change or substitution provides a comparable level of coverage. The Executive understands and accepts that it is the decision of the insurer whether benefits are to be paid under any of the schemes or policies referred to in this clause and the Company shall have no liability or responsibility for any decision that is made by the insurer. For the avoidance of doubt, the Company shall not be liable to make any payments unless it has received appropriate payments from the insurer.

10.3 During his employment hereunder the Company shall each month pay into such personal pension plan of the Executive as he shall direct an amount calculated (and accruing on a daily basis) at an annual rate equivalent of fifteen (15) per cent of the Executive's salary for the time being payable under clause 5.1.

10.4 No contracting out certificate is in force in relation to this employment.

11. Illness

11.1 The Executive shall in the event of illness or other incapacity beyond his control as a result of which he is unable to perform his duties remain entitled to receive his salary in full for any continuous period of six months or an aggregate period of six months' absence in any consecutive twelve month period subject to:

11.1.1 compliance with the Company's procedures relating to sickness notification, statutory sick pay and self-certification to cover absence from work due to sickness or other incapacity and to the provision of medical certificates and/or (at the Company's

discretion) undergoing a medical examination by a doctor appointed by the Company. The Executive shall co-operate in ensuring the prompt delivery of such report to the Company subject to disclosure to the Executive or his General Practitioner and authorise his own medical practitioner to supply all such information as may be required by that doctor and, if so requested by the Company, authorise his medical practitioner to disclose to the Company his opinion of the Executive's state of health;

11.1.2 a deduction (at the Company's discretion) from his salary of an amount or amounts equal to any statutory sick pay or social security benefits to which the Executive is entitled;

11.1.3 a deduction (at the Company's discretion) from his salary of an amount or amounts equal to any payment made to the Executive under any health insurance arrangements effected from time to time by the Company and/or any Group Company on his behalf.

11.2 If the Executive is away from work due to illness or injury for a consecutive period of 40 working days, the Company may appoint another person or persons to perform the Executive's duties until he returns to work.

11.3 The Executive hereby covenants with the Company on behalf of himself/herself and his personal representatives at all times fully and effectively to comply with the terms of any insurance policy taken out by the Company or any Group Company on his life or in respect of his position as a director and/or officer of the Company and further undertakes to co-operate fully and assist the Company or the relevant Group Company in relation to any claim(s) made or to be made in connection with such insurance policy (including without limitation submitting to a medical examination) notwithstanding that this Agreement has been terminated or has come to an end.

11.4 If the Executive is unable to perform his duties under this Agreement as a result of ill health, accident or injury caused by a third party in respect of which damages may be recoverable, the Executive shall immediately inform the Company of this fact and all relevant particulars. The Executive shall (if requested to do so by the Company) pursue a claim against the third party for damages and shall notify the Company of any settlement, award or judgment. He shall, upon request from the Company, pay the

Company that part of any damages or compensation recovered by him which relates to loss of earnings for the period during which he was unable to perform his duties under this Agreement less any cost borne by him in connection with the recovery of the damages and compensation provided that the payment to the Company will not exceed the total remuneration paid to him by the Company in respect of the period during which he was unable to perform his duties.

11.5 If the incapacity referred to in clause 11.2 continues for more than six months or for more than 120 working days (whether consecutive or in aggregate) in any continuous period of twelve months, then provided that such action does not prejudice the effect of any Group permanent health insurance scheme, the Company may either terminate this Agreement forthwith by written notice.

12. Holidays

12.1 The Executive shall be entitled to 25 working days' holiday (in addition to the normal bank and other public holidays and accruing on a weekly basis) in each calendar year commencing on 1 January in each year (of which not more than 15 working days may be taken consecutively) to be taken at such times as the Company shall consider most convenient having regard to the requirements of the Company's business.

12.2 Save with the prior written consent of the Company, untaken holiday entitlement for any one calendar year may not be carried forward to any subsequent year. No payment shall be made for any unused holiday entitlement.

12.3 The Company reserves the right, at its absolute discretion, to require the Executive to take any outstanding holiday during any notice period or to make payment in lieu thereof on termination as set out in clause 12.4 below.

12.4 On termination of the Executive's employment (howsoever occasioned), if the Executive has taken more or less than his annual holiday entitlement an appropriate adjustment shall be made to any payment of salary or benefits from the Company to the Executive at the rate of 1/260th of the Executive's gross basic salary as set out in clause 5.1 subject to deductions of tax and national insurance per holiday day.

13. Other business interests

13.1 The Executive shall not during the continuance of his employment (whether during or outside working hours) without the prior consent in writing of the Company, be directly or indirectly engaged, concerned or interested in any business, profession or occupation other than the Company provided that nothing in this Clause 14 shall prohibit the Executive from being interested as a director or the holder of not more than ten per cent of any class of stock, shares or debentures or other securities in any company or as the Company from time to time agrees in writing such agreement not to be unreasonably withheld or withdrawn so long as such interests of the Executive or any of them shall not prejudice the business interests of the Company or of any Group Company and for so long as the Executive shall during his employment comply with the provisions of this Clause 14.

13.2 The Executive shall not during the continuance of his employment (except with the prior written consent of the Company) introduce to any other person firm or company business of any kind which could appropriately be dealt with by the Company or any Group Company and/or have any financial interest in or derive any financial benefit from the contracts made by the Company or any other Group Company with any third party.

14. Confidential and business information

14.1 In addition to and without prejudice to the Executive's common law obligations to keep information secret, the Executive shall not (except for the purpose of performing his duties hereunder or unless ordered to do so by a court) during his employment or after its termination directly or indirectly use, disclose or communicate Confidential Information and he shall use his best endeavours to prevent the improper use, disclosure or communication of Confidential Information, which for these purposes means:

14.1.1 any information of a confidential nature (whether private or secret information including information relating to corporate strategy, business development plans, intellectual property, business contacts, names and addresses of actual and potential customers and their requirements, terms of business with such customers and potential customers, annual budgets, management accounts and other financial information) of the Company or any Group Company or of any client or prospective client of the Company or of any

Group Company or of any person or entity which shall have disclosed information to any member of the Company or any Group Company; and/or

14.1.2 any confidential report or research undertaken by or for the Company or any Group Company before or during the course of his employment; and/or

14.1.3 information so designated by the Company or any Group Company or which to the Executive's knowledge has been supplied to the Company or any Group Company subject to any obligation of confidentiality.

14.2 The restrictions contained in this Clause 14 shall cease to apply with respect to any information, confidential report or research which comes into the public domain otherwise that through an unauthorised disclosure by the Executive or a third party. This clause is not intended to exclude or restrict the Executive's right to make a protected disclosure under the Public Interest Disclosure Act 1998 if the Executive reasonably believes a harmful or illegal activity is being undertaken. In such a case, the Executive should refer to the Company's Whistle Blowing Policy, which can be found in the Employee Handbook.

14.3 By signing this Agreement the Executive consents:

14.3.1 to the Company holding and processing any information about him which he may provide to the Company or which it may acquire as a result of his employment providing such use is in accordance with the Data Protection Act 1998;

14.3.2 to the Company holding and processing any "sensitive personal data" (as defined in the Data Protection Act 1998) relating to him (including, for example, information relating to his health or racial or ethnic origin); and

14.3.3 to the transfer of all or any part of the information that the Company holds relating to him outside the European Economic Area.

15. Non competition

15.1 For the purposes of this Clause the following expressions shall have the following meanings:

(a) "Relevant Employee" means:

any senior employee or consultant to the Company or any Group Company with whom the Executive has been personally involved or any director, employee or consultant of the Company or any Group Company who at any time during the 12 months immediately prior to the Termination Date was employed by the Company or any Group Company in a senior managerial, senior sales or technical position or who was in a position from which he had access to confidential information of the Company or any Group Company to a material extent and with whom the Executive has had dealings;

(b) "Relevant Customer" means a person, firm or company:

who at any time during the twelve months prior to the Termination Date was a customer of the Company or any Group Company (whether or not services were actually provided during such period) with whom the Executive had material contact or about whom he became aware or informed in the course of his employment or intermediary of such customer with whom the Executive had material contact or about whom he became aware or informed in the course of his employment or to whom at the Termination Date the Executive on behalf of the Company or any Group Company was actively and directly seeking to supply services in either case for the purpose of a Relevant Business;

(c) "Relevant Business" means:

a syndicate, managing agency at Lloyd's or insurance company;

(d) "Restricted Goods and/or Services" means:

any services with the provision of which the Executive was materially concerned on behalf of the Company and/or any Group Company during the period of twelve months immediately prior to the Termination Date; and

(e) "Restricted Period" means:

the period of 12 months following the date of termination of this employment.

15.2 In order to safeguard the legitimate business interests of the Company and any Group Company and particularly the goodwill of the Company and any Group Company in connection with its clients, suppliers and employees the Executive hereby undertakes with the Company (for itself and as trustee for each Group Company) that, he will not directly or indirectly (without the prior consent in writing of the Company), during the Restricted Period:

(a) entice or solicit or endeavour to entice or solicit away from the Company or any Group Company any Relevant Employee;

(b) in competition with the Company or any Group Company supply or seek to supply Restricted Goods and/or Services to any Relevant Customer;

5.1 The Executive shall not (except with the prior written consent of the Company) at any time after the termination of his employment represent himself/herself to be connected with or interested in the business of or employed by the Company or any Group Company or use for any purpose the name or style of the Company or any Group Company or any name or style capable of confusion therewith or likely to cause an assumption of association with the Company or any Group Company.

15.3 The Executive acknowledges that the provisions of this clause 14 are fair and reasonable and necessary to protect the goodwill and interests of the Company and any Group Company and shall constitute separate and severable undertakings given for the benefit of each of the Company and each Group Company and may be enforced by the Company on behalf of any Group Company. The Executive further acknowledges that damages may not be an adequate remedy in respect of a breach of clause 14.2 and accordingly that injunctive relief or other equitable remedies may be sought and obtained by the Company acting on its behalf and/or on behalf of any Group Companies.

15.4 If any of the restrictions or obligations contained in this clause 14 is found to be invalid as going beyond what is reasonable for the protection of the goodwill and interest of the Company and any Group Company this will not affect the validity or enforceability of any of the other restrictions or obligations. Further if any of the restrictions shall be adjudged to be void or ineffective for whatever reason but would be judged valid and effective if part of the wording thereof was deleted they shall apply with such modifications as may be necessary to make them valid and effective.

15.5 The Executive agrees that the Company may enforce the covenants (or any of them) set out in clause 14.2 after it has exercised its right to place the Executive on garden leave, but time spent on garden leave will be deducted from the Restricted Period. Provisions relating to garden leave are set out in clause 16.2 below, the Employee Handbook and on the Company Intranet.

15.6 The Executive agrees that in the event of him receiving from any person, company, business entity or other organisation an offer of employment or engagement either during the continuance of this Agreement or during the continuance in force of any of the restrictions set out in this clause 14, he will forthwith provide to such person, company, business entity or other organisation making the offer of employment or engagement a full and accurate copy of this Agreement signed by the parties hereto and will notify the Company of such offer of employment or engagement.

15.7 The Executive agrees that if he becomes aware of any employees that are considering leaving the Company, or if he is approached by another employee or other employees to discuss leaving the Company, that he will report these events to Human Resources forthwith.

16. Termination and Suspension

16.1 Notwithstanding clause 3, the employment of the Executive may be terminated by the Company without notice or payment in lieu of notice if the Executive is guilty of gross misconduct or commits any serious or (having been given notice in writing) persistent breach of any of his obligations to the Company or any Group Company (whether under this Agreement or otherwise). The following is a non-exhaustive list of circumstances in which the Company may terminate the Executive's employment without notice or payment in lieu of notice:

16.1.1 the Executive refuses or neglects to comply with any reasonable lawful acts or directions given to him by the Company;

16.1.2 the Executive is guilty of dishonesty or is convicted of any criminal offence by a court of competent jurisdiction (other than a minor motoring offence for which a fine or other non-custodial penalty is imposed) whether in connection with his employment or not;

16.1.3 the Executive is unable to perform his duties hereunder through illness or other incapacity (including, but not limited to, where the Executive becomes of unsound mind or a patient for the purpose of any statute relating to mental health) for any continuous period of 6 months or an aggregate period exceeding 6 months in any period of twelve months;

16.1.4 the Executive fails or ceases to meet the requirements of any regulatory body whose consent is required to enable him to undertake all or any of his duties under this Agreement or is guilty of serious breach of the rules and regulations of such regulatory body or of any compliance manual of the Company or any Group Company;

16.1.5 the Executive is guilty of a serious breach of any rules issued by the Company from time to time regarding its electronic communications systems;

16.1.6 the Executive is adjudged bankrupt or enters into any composition or arrangement with or for the benefit of his creditors including a voluntary arrangement under the Insolvency Act 1986;

16.1.7 the Executive is convicted of an offence under the Criminal Justice Act 1993 or under any other present or future statutory enactment or regulation relating to insider dealing;

16.1.8 the Executive becomes prohibited by law or is disqualified or is liable to be disqualified from being a director or becomes of unsound mind or a patient under any statute relating to mental health;

16.1.9 the Executive resigns as a director of the Company other than at the request of the Company where the Executive is currently a director of the Company;

16.1.10 the Executive is required to vacate his office as a director of the Company where the Executive is currently a director of the Company and/or any Group Company for whom he performs executive duties by virtue of any provision of the Articles of Association of the Company or any Group Company;

16.1.11 the Executive commits and serious or persistent breach of any of the terms, conditions or stipulations contained in this Agreement;

16.1.12 the Executive is guilty of any serious negligence or gross misconduct in connection with or affecting the business or affairs of the Company or any Group Company for which he is required to perform duties; or

16.1.13 the Executive is guilty of conduct which is likely to bring himself/herself or the Company or any Group Company into disrepute.

16.2 The Company may suspend the Executive from his employment on full salary and benefits at any time for a reasonable period to investigate any matter in which the Executive is implicated or involved (whether directly or indirectly). During this time the Company may exclude the Executive from all or any premises of the Company or any Group Company and require the Executive to refrain from any contact with directors, employees, consultants, partners, officers, customers, clients, agents or suppliers of the Company or any Group Company (except as necessary in connection with any such investigation) during any period in which the Company is carrying out their investigation. During such suspension the Executive will continue to be bound by all of his obligations under this Agreement insofar as they are compatible with him being suspended, including his duties of good faith and fidelity.

16.3 The Company shall not be liable for breach of any of its obligations hereunder including, without limitation, its obligations as set out in Clauses 2 and 3 if either:

16.3.1 the members of the Company in general meeting vote that the Executive be removed from office as a director of the Company; or

16.3.2 the Executive, upon retiring as a director by rotation pursuant to the Articles of Association of the Company, is not re-elected by members of the Company in general meeting.

16.4 The termination of the Executive's employment hereunder for whatsoever reason shall not affect those terms of this Agreement, which are expressed to have effect after such termination and shall be without prejudice to any accrued rights or remedies of the parties.

17. Events on Termination

17.1 On the termination of the Executive's employment, or at any other time in accordance with instructions given to him by the Company, the Executive will immediately return to the Company all equipment, correspondence, records, specifications, software, models, notes, reports, documents and other information and any copies thereof, including, without limitation, aural, visual or electronic form or on any magnetic or optical disk or memory and wherever located and any other property belonging to the Company (including but not limited to the Company car keys, credit cards, keys and passes and any mobile phone, blackberry, home computer or lap-top which the Company has provided the Executive with for the performance of his duties under this Agreement) which are in the Executive's possession or under his control.

17.2 After notice of termination has been given by either party or if the Executive seeks to resign without notice or by giving shorter notice than is required under Clause 3, provided that the Company continues to pay the Executive his basic salary, and to provide all contractual benefits until his employment terminates in accordance with the terms of this Agreement, the Company has absolute discretion for all or part of the notice period:

17.2.1 to exclude the Executive from such of the premises and IT and telecommunications systems of the Company and/or Group Company as the Company may direct;

17.2.2 to instruct him not to communicate with suppliers, customers, employees, agents or representatives of the Company or Group Company.

17.2.3 not to provide any work to or vest any powers in the Executive.

17.2.4 (except during any periods taken as holiday in the usual way) to require the Executive to ensure that he can be contacted during each working day and comply with any written requests to contact a specified employee of the Company.

Any accrued but unused holiday entitlement shall be deemed to be taken during any period of garden leave.

18. Resignation of offices

The Executive shall immediately upon the earlier of termination of his employment or notice of termination being served by either party in accordance with this Agreement give written notice resigning forthwith as a director or trustee or from any other office he may hold from time to time with the Company and/or any Group Company or arising from his engagement by the Company and/or any Group Company without any further compensation.

19. Grievance and disciplinary procedures

19.1 If the Executive wishes to seek redress of any grievance relating to his employment (other than one relating to a disciplinary decision) he shall apply to the Human Resources Manager and refer to the Company's grievance procedures.

19.2 If the Executive wishes to seek redress of any grievance relating to a disciplinary decision he shall refer such grievance to the Company's chairman.

19.3 The Company's disciplinary and grievance procedures from time to time in force shall apply to the Executive but shall not form part of his contract of employment.

20. Inventions and improvements

20.1 It shall be part of the normal duties of the Executive at all times to consider in what manner and by what new methods any devices, goods, products, services, processes, equipment or systems of the Company and each Group Company might be improved and/or extended and/or promoted and promptly to give to the Company full details of any invention, discovery, design, improvement or other matter or work whatsoever (the "Inventions") which he may from time to time make or discover during his employment and to further the interests of the Company and/or any Group Company with regard thereto. The Executive hereby acknowledges and agrees that

the sole ownership of the Inventions and all proprietary rights therein discovered or made by him (whether alone or jointly with others) at any time during his engagement hereunder shall (subject to any contrary provisions of the Patents Act 1977 and the Copyright, Designs and Patents Act 1988 and to any rights of a joint inventor thereof) belong free of charge and exclusively to the Company or as it may direct.

20.2 All records, documents, papers (including all copies and summaries thereof) and copyright protected works made or acquired by the Executive in the course of his employment and all worldwide copyright and design rights in all the Inventions, shall be and remain the property of the Company.

20.3 For the avoidance of doubt the Executive irrevocably and unconditionally waives all rights granted by Chapter IV of Part I of the Copyright, Designs and Patents Act 1988 that vests in the Executive the authorship of any copyright works in respect of the Inventions by the Executive in the course of his employment with the Company or any Group Company including without limitation the right to be identified as the author of any such works and the right not to have any such works subjected to derogatory treatment.

20.4 The Executive hereby agrees (at any time during his employment or thereafter and at the Company's expense) to do all such acts and things (including without limitation making application for letters patent) as the Company may reasonably request to vest effectually any Invention (whether owned by the Company in accordance with Clause 20.1 or owned by the Executive) and any protection as to ownership or use (in any part of the world) of the same in the Company or in any Group Company or as it may direct, jointly if necessary with any joint inventor thereof, and the Executive hereby irrevocably appoints the Company for the purposes aforesaid to be his attorney in his name and on his behalf to execute and do any such documents acts and things aforesaid.

20.5 The Executive shall not knowingly do or omit to do anything which will or may have the result of imperilling any such protection aforesaid or any application thereof.

21. General

21.1 No failure or delay by either party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial

exercise by either party of any right, power or privilege hereunder preclude any further exercise thereof or the exercise of any other right, power or privilege.

21.2 The Executive hereby irrevocably and by way of security appoints the Company and each Group Company now or in the future existing to be his attorney and in his name and on his behalf and as his act and deed to sign, execute and do all acts, things and documents which he is obliged to execute and do under the provisions of this Agreement (and in particular, but without limitation, Clauses 18 and 20) and the Executive hereby agrees forthwith on the request of the Company to ratify and confirm all such acts, things and documents signed, executed or done in pursuance of this power.

21.3 There are no collective agreements, which affect the terms and conditions of the employment of the Executive hereunder.

21.4 The Executive is required, as a condition of his employment, to observe all Company policies and procedures as advised to him by the Company from time to time. These policies and procedures are summarised in the Employee Handbook, and set out in full on the Company's Intranet.

21.5 This Agreement may only be modified by the written agreement of the parties.

21.6 The Executive cannot assign this Agreement to anyone else.

21.7 If either party agrees to waive their rights under a provision of this Agreement, that waiver will only be effective if it is in writing and it is signed by the relevant party. A party's agreement to waive any breach of any term or condition of this Agreement will not be regarded as a waiver of any subsequent breach of the same term of condition or a different term or condition.

22. Reconstruction or amalgamation

If this Agreement is terminated because of the liquidation of the Company for the purpose of amalgamation or reconstruction and the Executive is offered employment with such amalgamated or reconstructed company on terms no less favourable in all material respects

than the terms of this Agreement the Executive shall have no claim against the Company in respect of such termination.

23. Notices

23.1 Any notice or communication given or required under this Agreement may be served by personal delivery or by leaving the same at or by sending the same through the post addressed in the case of the Company to its registered office from time to time and in the case of the Executive to his aforesaid address or to the address provided from time to time by the Executive to the Company for the purposes of its employment records.

Any notice sent by post shall be deemed to have been served 48 hours after the time of posting by first class mail and service thereof shall be sufficiently proved by proving that the notice was duly despatched through the post in a pre-paid envelope addressed as aforesaid.

24. Extent and subsistence of Agreement

This Agreement supersedes all other agreements other than those expressly referred to in this Agreement between the Company or any Group Company and the Executive relating to the employment of the Executive (which shall be deemed to have been terminated by mutual consent). The Executive acknowledges and warrants to the Company that he is not entering into this Agreement in reliance upon any representation not expressly set out herein.

25. Governing law and jurisdiction

This Agreement shall be governed by and construed in accordance with English law and the parties agree to submit to the exclusive jurisdiction of the English Courts as regards any claim, dispute or matter arising out of or relating to this Agreement.

IN WITNESS whereof a duly authorised representative of the Company has executed this Agreement and the Executive has executed this Agreement as his Deed on the date of this Agreement.

Signed as a deed **Jose Hernandez**)
(Head of International))
on behalf of Argo Management Services Limited)
in the presence of:)

Witness name: ……..
Address: ……..
……..
Occupation: ……..

Signed as a deed by **Matt Harris**)
(Head of Europe/Asia))
in the presence of:)

Witness name: ……..
Address: ……..
……..
Occupation: ……..

ANNEX A

The Working Time Regulations 1998

To: Argo Management Services Ltd
Exchequer Court
33 St Mary Axe
London
EC3A 8AA

I understand that, amongst other matters, the Working Time Regulations 1998 (the "Regulations") provide that a worker's working time should not exceed on average 48 hours for each 7 days over a 17 week reference period. I hereby agree that, in accordance with Regulation 4 of the Regulations, the limit on working time of an average of 48 hours for each 7 days over a 17 week reference period shall not apply to me unless and until I shall give at least 3 months' written notice to the Company

Signed ……..

Dated ……..

Exhibit 31.1

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

I, Kevin J. Rehnberg, President and Chief Executive 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: August 6, 2021

/s/ Kevin J. Rehnberg
Kevin J. Rehnberg
President and Chief Executive Officer

Exhibit 31.2

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: August 6, 2021

/s/ Scott Kirk
Scott Kirk
Chief Financial Officer

Exhibit 32.1

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 June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Kevin J. Rehnberg, as President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

* * *

Certified this 6th day of August 2021

/s/ Kevin J. Rehnberg
Kevin J. Rehnberg
President and Chief Executive Officer

Exhibit 32.2

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 June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Scott Kirk, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002 that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

* * *

Certified this 6th day of August 2021

/s/ Scott Kirk
Scott Kirk
Chief Financial Officer