

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): December 6, 2019**

**Argo Group International Holdings, Ltd.**

(Exact name of registrant as specified in its charter)

<b>Bermuda</b> (State or other jurisdiction of incorporation)	<b>1-15259</b> (Commission File Number)	<b>98-0214719</b> (I.R.S. Employer Identification No.)
<b>110 Pitts Bay Road</b> <b>Pembroke HM 08</b> <b>Bermuda</b> (Address, Including Zip Code, of Principal Executive Offices)		<b>P.O. Box HM 1282</b> <b>Hamilton HM FX</b> <b>Bermuda</b> (Mailing Address)

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

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<b>Title of Each Class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
<b>Common Stock, par value of \$1.00 per share</b>	<b>ARGO</b>	<b>New York Stock Exchange</b>
<b>Guarantee of Argo Group U.S., Inc. 6.500%</b>	<b>ARGD</b>	<b>New York Stock Exchange</b>
<b>Senior Notes due 2042</b>		

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if 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.

**ITEM 5.02. DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS**

(e) On December 6, 2019, Argo Group International Holdings, Ltd. (the “Company”) and Mark E. Watson III entered into a Separation Agreement and Release (the “Separation Agreement”) to set out the terms of Mr. Watson’s separation from the Company. On December 9, 2019, the Company, Mr. Watson and American Stock Transfer & Trust Company, LLC entered into an Escrow Agreement (the “Escrow Agreement”) to set out the terms of a certain escrow account that has been established pursuant to the terms of the Separation Agreement. As previously disclosed by the Company, Mr. Watson retired from his position as President and Chief Executive Officer of the Company on November 5, 2019, and will resign as a member of the Company’s Board of Directors (the “Board”), effective December 30, 2019. As also previously disclosed, on November 5, 2019, the Company and Mr. Watson entered into a binding term sheet (the “Term Sheet”), which was to form the basis for the Separation Agreement. The following is a brief description of the terms and conditions of the Separation Agreement and the Escrow Agreement.

During the period commencing on November 5, 2019 and ending on December 31, 2019 (the “Separation Date”), Mr. Watson will continue to serve as a full-time, non-executive employee of the Company and will continue to receive a base salary at the annual rate that is currently in effect for Mr. Watson. During such period, Mr. Watson will continue to receive medical, welfare and health insurance benefit plans on the same terms and conditions as are currently in effect for Mr. Watson, but he will not be entitled to receive any annual cash incentive awards or long-term incentive awards. Mr. Watson’s employment with the Company will terminate on the Separation Date.

Effective as of the date on which the Separation Agreement becomes fully enforceable and binding, Mr. Watson will fully vest in his unvested restricted stock from each of his (i) March 10, 2016 grant (11,285 shares), (ii) March 29, 2017 grant (14,558 shares), (iii) March 27, 2018 grant (10,500 shares) and (iv) March 15, 2019 grant (41,013 shares). All of Mr. Watson’s vested share appreciation rights will remain vested and fully exercisable without restriction, and will be governed by the terms of the underlying award agreements, provided that following the Separation Date, Mr. Watson will not be bound to any restrictive covenant or post-termination obligation, duty or restriction under such award agreements, other than certain obligations relating to confidential information. The 73,481 performance-based restricted shares granted by the Company to Mr. Watson on November 5, 2018 will automatically be forfeited by Mr. Watson as of the Separation Date. The Company will pay Mr. Watson (a) an amount equal to \$1,750,000 within two business days after the Separation Agreement becomes fully enforceable and binding, and (b) an amount equal to \$725,833.33 within two business days after he re-executes the Separation Agreement on or within seven days after January 1, 2020 and does not revoke his signature within the applicable revocation period specified in the Separation Agreement.

Mr. Watson will reimburse the Company for certain alleged personal expenses that were paid for by the Company, in an amount to be determined after the Company concludes its investigation into such expenses. As of the date on which the Separation Agreement becomes fully enforceable and binding, 35,296 of the shares of restricted stock referred to in the previous paragraph will be placed into an escrow account. All or a portion of such shares will be returned to the Company in full satisfaction of Mr. Watson’s reimbursement obligation. If the amount that Mr. Watson is required to reimburse the Company for personal expenses is equal to or greater than the aggregate value of the shares placed in the escrow account (based on the closing price of the Company’s common stock on November 1, 2019, or \$63.04), then all of the shares held in the escrow account will be returned to the Company in full satisfaction of Mr. Watson’s reimbursement obligation. If the amount that Mr. Watson is required to reimburse the Company for personal expenses is less than the aggregate value of the shares placed in the escrow account (based on the \$63.04 closing price), then the shares held in the escrow account having an aggregate value equal to the required reimbursement amount (based on the \$63.04 closing price), rounded up to the nearest whole share, will be returned to the Company in full satisfaction of Mr. Watson’s reimbursement obligation and the remaining shares held in the escrow account will be released to Mr. Watson. The Separation Agreement sets out a procedure by which Mr. Watson may contest the amount of expenses that the Company determines is subject to reimbursement by Mr. Watson, in which case the matter will be submitted to binding arbitration before a mutually agreed-upon arbitrator. The terms and conditions of the escrow account described in this paragraph are set out in the Escrow Agreement.

The Separation Agreement includes a general release of claims by Mr. Watson in favor of the Company. The Separation Agreement will supersede all prior agreements between Mr. Watson and the Company, including the Term Sheet and Mr. Watson's employment agreement with the Company, dated November 5, 2018 (the "Employment Agreement"), except for certain provisions of the Employment Agreement set forth in the Separation Agreement, which will survive, including provisions relating to non-disclosure of confidential information, return of Company property, mutual non-disparagement, cooperation following termination of employment, indemnification and clawback.

This summary of the Separation Agreement and the Escrow Agreement does not purport to be complete and is subject to and qualified in its entirety by reference to the full text of the Separation Agreement and the Escrow Agreement attached to this Current Report on Form 8-K as Exhibits 10.1 and 10.2, respectively, which are incorporated herein by reference.

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**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

## (d) Exhibits:

- 10.1 [Separation Agreement and Release, dated as of December 6, 2019, between Argo Group International Holdings, Ltd. and Mark E. Watson III.](#)
- 10.2 [Escrow Agreement, dated as of December 9, 2019, between Argo Group International Holdings, Ltd., Mark E. Watson III and American Stock Transfer & Trust Company, LLC.](#)
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

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## 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 hereunto duly authorized.

ARGO GROUP INTERNATIONAL HOLDINGS, LTD

Dated: December 10, 2019

By: /s/ Jay S. Bullock

Name: Jay S. Bullock

Title: Executive Vice President and Chief Financial Officer

**SEPARATION AGREEMENT AND RELEASE**

This SEPARATION AGREEMENT AND RELEASE (this “Agreement”) is entered into this 6th day of December, 2019 by and between Argo Group International Holdings, Ltd. (the “Company,” and, together with its subsidiaries and affiliates, “Argo Group”) and Mark E. Watson III (“Executive”) (collectively, the “Parties”).

**WHEREAS**, Executive was the President and Chief Executive Officer of the Company and a member of the Company’s Board of Directors (the “Board”);

**WHEREAS**, Executive entered into a binding term sheet with the Company, dated November 5, 2019 (the “Term Sheet”), pursuant to which, except as set forth below, Executive resigned as the President and Chief Executive Officer of the Company, and from all other positions Executive held as an officer, director or committee member of Argo Group and The Argo Foundation, in each case effective as of November 5, 2019 (the “Transition Date”);

**WHEREAS**, Executive will remain a full-time, non-executive employee through December 31, 2019 and a member of the Board through December 30, 2019, which shall be the effective date of Executive’s resignation from the Board;

**WHEREAS**, the Term Sheet provides that it shall be reduced to a more formal agreement that shall contain, among other things, the material terms set forth in the Term Sheet; and

**WHEREAS**, Executive and the Company desire to enter into this Agreement to set out the terms and conditions of Executive’s separation from the Company.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Parties agree as follows:

1. **Transition Period and Termination of Employment:**

a. During the period beginning on the Transition Date and ending on December 31, 2019 (the “separation Date,” with the period of time from the Transition Date to the Separation Date being the “Transition Period”), Executive shall be a full-time, non-executive employee and in this role he shall serve as an advisor to the Company. During the Transition Period, Executive shall be available on a full-time basis for phone consultations upon request by the then-current (whether interim or permanent) Chief Executive Officer of the Company (the “CEO”), the CEO’s designee and/or the Board on strategic and other matters. For the avoidance of doubt, Executive shall continue to serve as a member of the Board of the Company until December 30, 2019. During the Transition Period, Executive shall not report to, or work out of, any Company offices or engage in any business travel unless requested with at least five (5) business days advance written notice by the CEO, the CEO’s designee or the Chairman of the Board.

b. During the Transition Period, the Company shall continue to pay Executive his base salary by direct deposit, at the annual rate in effect for Executive as of the Transition Date, and Executive shall not be entitled to receive any annual cash incentive awards or long-term incentive awards. For the avoidance of doubt, Executive shall not be eligible to receive an annual incentive award in respect of calendar year 2019. During the Transition Period, Executive shall continue to receive medical, welfare and health insurance benefit plans on the same terms and conditions as existed as of the Transition Date.

c. On December 30, 2019, Executive shall be deemed to have resigned, and shall have resigned, as a member of the Board.

d. On the Separation Date, Executive's employment with Argo Group shall terminate.

**2. Compensation Upon First Execution of This Agreement.** Executive shall be entitled to receive the following payments and benefits (collectively, the "Transition Benefits"), subject to Executive's execution of this Agreement no later than December 6, 2019 ("First Signature") and non-revocation of same within the immediately following seven-day period ("First Revocation Period"):

a. The Company shall pay Executive an amount equal to USD \$1,750,000, less applicable deductions and withholdings, payable in a single lump sum cash payment within two (2) business days after the expiration of the First Revocation Period by direct deposit.

b. As of the expiration of the First Revocation Period ("Equity Vesting Date") and subject to Sections 4 and 19 below, the following equity awards granted by the Company to Executive shall become fully vested and immediately marketable, without any restriction, subject to applicable law: (A) 11,285 restricted shares granted to Executive on March 10, 2016; (B) 14,558 restricted shares granted to Executive on March 29, 2017; (C) 10,500 restricted shares granted to Executive on March 27, 2018; and (D) 41,013 restricted shares granted to Executive on March 15, 2019. All of Executive's vested share appreciation rights, which for the avoidance of doubt are set forth in the table contained in Appendix A, shall remain vested and remain fully exercisable without restriction, and shall be governed by the terms of the underlying award agreements; provided, however, that following the Separation Date, Executive shall not be bound to any restrictive covenant or post-termination obligation, duty or restriction under such award agreements (or, for the avoidance of doubt, under any other agreement), other than obligations under the heading "Confidential Information" in such award agreements or as expressly set forth in this Agreement. For the avoidance of doubt, the performance-based restricted shares award granted by the Company to Executive on November 5, 2018 shall automatically be forfeited by Executive as of the Separation Date.

For clarity, Executive shall forfeit all rights to the Transition Benefits unless Executive executes this Agreement no later than December 6, 2019, provides the executed Agreement to the Company, and does not revoke the Agreement before the expiration of the First Revocation Period.

3. **Accrued Benefits and Compensation Upon Second Execution of This Agreement:** Executive shall be entitled to receive the payments and benefits set forth in this Section 3, subject to the terms and conditions set forth herein.

a. The Company promptly shall pay to Executive all Accrued Benefits (as defined below), if any, to which Executive is entitled as of the Separation Date, in each case at the time such payments or benefits are due (and, with respect to Section 3(a)(ii) below, within a reasonable time after such business expenses are submitted). For purposes of this Agreement, “Accrued Benefits” means (i) any earned but unpaid base salary through the Separation Date; (ii) any amounts owing to Executive for reimbursement of yet unreimbursed business expenses properly incurred by Executive prior to the Separation Date and which are reimbursable in accordance with the Company’s policies, practices and procedures applicable to the President and CEO, in place as of the date such expenses were incurred, and which expenses may be submitted to the Company for reimbursement through the Separation Date; and (iii) any other vested accrued benefits of Executive under the plans, programs and arrangements of the Company, including, without limitation, retirement benefits, 401(k) benefits, and pension benefits. Executive shall not be entitled to any other salary, compensation, payment, bonus or benefits from Argo Group after the Separation Date, except as otherwise specifically provided hereunder or as expressly required by applicable law.

b. Subject to Executive’s re-execution of this Agreement on or within seven days after January 1, 2020 (“Second Signature”) and non-revocation of same within the immediately following seven-day period (“Second Revocation Period”), the Company shall pay Executive an amount equal to USD \$725,833.33 (the “severance Payment”), less applicable deductions and withholdings, payable by direct deposit in a single lump sum cash payment within two (2) business days following the end of the Second Revocation Period. For clarity, Executive shall forfeit all rights to the Severance Payment unless Executive re-executes this Agreement on or within seven days after January 1, 2020, provides the Agreement to the Company, and does not revoke the Agreement before the expiration of the Second Revocation Period.

4. **Reimbursement of Certain Alleged Personal Expenses:** Executive hereby agrees that Executive shall reimburse the Company for certain alleged personal expenses paid for by entities within Argo Group, pursuant to the following procedure (the “Reimbursement Procedure”):

a. As of the Equity Vesting Date, 35,296 of the restricted shares held by Executive as of the Transition Date that become fully vested pursuant to the terms of Section 2(b) of this Agreement shall be placed in escrow (the “Escrow Account”), fixed at the closing price of the Company’s common stock on November 1, 2019 (USD \$63.04) (the “Escrow Amount”). The terms of such escrow are set forth in a separate escrow agreement that has been entered into by the Company and Executive as of the date of this Agreement.

b. Immediately after Executive first executes this Agreement, Executive shall be presented with an itemized list of the expenses the Company believes Executive is responsible for (“Expense List”). Subject to the provisions below of this Section: If the aggregate amount of

such expenses (the “Reimbursement Amount”) is greater than the Escrow Amount, Executive shall be required to reimburse the Company an amount equal to the Escrow Amount, and all of the shares in the Escrow Account shall be returned to the Company in full satisfaction of Executive’s reimbursement obligation. If the Reimbursement Amount is less than the Escrow Amount, Executive shall reimburse the Company an amount equal to the Reimbursement Amount from the Escrow Account, meaning that the number of shares in the Escrow Account having an aggregate value equal to the Reimbursement Amount (based on the USD \$63.04 closing price), rounded up to the nearest whole share, shall be returned to the Company; the remaining shares in the Escrow Account shall be released to Executive.

c. This Reimbursement Procedure shall not in any way be construed as an admission by Executive of any unlawful or wrongful acts or omissions or constitute an obligation to reimburse any specific amount, nor does it constitute an admission by Executive of any specific Reimbursement Amount.

d. If Executive wishes to contest the Reimbursement Amount, Executive must notify the Company in writing by January 5, 2020, of the specific expenses from the Expense List which Executive disagrees are expenses Executive is responsible for in whole or in part. Upon such notice, the Parties shall submit the matter to binding arbitration before a mutually agreed-upon arbitrator. The Company shall bear the costs of arbitration, but each Party will bear their own attorneys’ fees. For the avoidance of doubt, and notwithstanding anything to the contrary herein, the Reimbursement Procedure shall finally determine the Reimbursement Amount, and the number of shares in the Escrow Account having an aggregate value equal to the specific expenses with which the Executive disagrees (based on the USD \$63.04 closing price), rounded up to the nearest whole share, shall not be removed from the Escrow Account or returned to the Company until a final determination as to the Reimbursement Amount is reached in arbitration, in accordance with the Reimbursement Procedure. Nothing herein restricts or prohibits the Parties from agreeing to a Reimbursement Amount in writing at any time before an Arbitration Decision is issued, in which instance the number of shares in the Escrow Account having an aggregate value equal to the Reimbursement Amount shall be returned to the Company. Nothing herein requires the Parties to agree to a Reimbursement Amount at any time before an Arbitration Decision is issued.

e. The Parties hereby agree to use their best efforts to complete the entire Reimbursement Procedure, including, if necessary, the receipt of an arbitration decision (the “Arbitration Decision”), by February 28, 2020. If, despite such best efforts, the Parties fail to complete the Reimbursement Procedure by February 28, 2020, the Parties shall continue to use their best efforts to complete the Reimbursement Procedure as soon as practicable until the Reimbursement Procedure is complete.

f. Arbitration pursuant to this Section 4 shall be in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“AAA”) in effect at the time the demand for arbitration is made, which are incorporated herein and are available through the AAA’s website (<http://www.adr.org>), except to the extent they conflict with the specific provisions of this Agreement. The parties shall jointly select a neutral arbitrator no later than January 15, 2020. The Arbitration pursuant to this Section shall be held in Bexar County, Texas. Any action or proceeding to confirm, enforce, modify and/or vacate the Arbitration Decision must be brought in a state or federal court in Bexar County, Texas.

g. The Company acknowledges and agrees that its sole remedy for any claims arising from or relating to reimbursement for Executive's expenditures, including but not limited to perquisites, and personal and unreimbursed business expenses, is the Reimbursement Procedure and the Reimbursement Amount.

5. **Release:**

a. **In General:** As consideration for Executive's receipt of the Transition Benefits set forth in Section 2 or the Severance Payment set forth in Section 3(b), as applicable, and other good and valuable consideration set forth herein, each time Executive executes this Agreement, Executive hereby agrees to irrevocably and unconditionally release any and all Claims (as defined in this Section 5) Executive may now have against the Company and other Released Parties (as defined in this Section 5) based on the facts that occurred up to and including each date that Executive signs this Agreement. This Agreement shall become effective, pursuant to its terms, each time an applicable Revocation Period expires without revocation by Executive.

b. **Released Parties:** The Released Parties are the "Argo Group" entities, which include Argo Group International Holdings, Ltd. and all of its subsidiary holding and operating companies, and, with respect to each of them, their predecessors and successors; and, with respect to each such entity, all of its past, present and future employees, officers, directors, stockholders, owners, representatives, assigns, attorneys, agents, insurers, employee benefit programs (and the trustees, administrators, fiduciaries, and insurers of such programs); and any other persons acting by, through, under or in concert with any of the persons or entities listed in this subsection (collectively, the "Released Parties" and each a "Released Party").

c. **Claims Released:** Executive understands and agrees that Executive is releasing all known and unknown claims, demands, promises, causes of action and rights of any type that Executive may have had or currently has against each and every Released Party based on, relating to, or arising out of any fact, act, omission, event, conduct, representation, agreement or other matter whatsoever relating to Executive's employment with the Company and termination of such employment (the "Claims"), except that Executive is not releasing any claim to enforce: (i) this Agreement; (ii) any right, if any, to claim government-provided unemployment benefits; (iii) any rights or claims that wholly arise or accrue after Executive executes or re-executes, as applicable, this Agreement; (iv) any right to vested accrued benefits or compensation under Company plans and arrangements; (v) any right to indemnification or advancement by the Company or any of the Released Parties or to coverage under any applicable directors' and officers' or other third party liability insurance policy(ies) then maintained by the Company or any Released Parties; and (vi) any rights or claims that Executive may have to alleged personal property that is currently in the Company's possession in the Company's offices in San Antonio, TX and New York, NY, and at the corporate apartment in San Antonio, TX. Executive further understands that the Claims Executive is releasing may arise under many

different laws (including statutes, regulations, other administrative guidance and common law doctrines) including but by no means limited to:

1. Anti-discrimination statutes, all as amended, such as the Age Discrimination in Employment Act (“ADEA”), the Older Workers Benefit Protection Act (“OWBPA”), and Executive Order 11141, which prohibit age discrimination in employment; Title VII of the Civil Rights Act of 1964, Section 1981 of the Civil Rights Act of 1866, and Executive Order 11246, which prohibit discrimination based on race, color, national origin, religion, or sex; the Equal Pay Act, which prohibits paying men and women unequal pay for equal work; the Americans With Disabilities Act and Sections 503 and 504 of the Rehabilitation Act of 1973, which prohibit discrimination based on disability; the Texas Labor Code (specifically including the Texas Payday Law, the Texas Anti-Retaliation Act, Chapter 21 of the Texas Labor Code, and the Texas Whistleblower Act); and any other federal, state or local laws prohibiting employment or wage discrimination, including the laws of Bermuda, including but not limited to the Employment Act of 2000 and the Human Rights Act of 1981.

2. Federal employment statutes, all as amended, such as the WARN Act, which requires that advance notice be given of certain work force reductions; the Employee Retirement Income Security Act of 1974, which, among other things, protects employee benefits; the Fair Labor Standards Act of 1938 and laws which regulate wage and hour matters; the Family and Medical Leave Act of 1993, which requires employers to provide leaves of absence under certain circumstances; and any other federal laws relating to employment, such as veterans’ reemployment rights laws.

3. Other laws, as amended, such as any federal, state, local or international laws providing workers’ compensation benefits (or prohibiting workers’ compensation retaliation), restricting an employer’s right to terminate employees or otherwise regulating employment; any federal, state, local or international law enforcing express or implied employment contracts or requiring an employer to deal with employees fairly or in good faith.

4. Tort and contract claims, such as claims for wrongful discharge, negligence, negligent hiring, negligent supervision, negligent retention, physical or personal injury, emotional distress, fraud, fraud in the inducement, negligent misrepresentation, defamation, invasion of privacy, interference with contract or with prospective economic advantage, breach of express or implied contract, breach of covenants of good faith and fair dealing, promissory estoppel, and similar or related claims.

5. Examples of released Claims include, but are not limited to: (i) Claims that in any way relate to Executive’s employment with the Company or any other Released Party, or the termination of that employment, such as Claims for compensation, bonuses, commissions, lost wages or unused accrued vacation

or sick pay; (ii) Claims that in any way relate to the design or administration of any employee benefit program; or (iii) Claims that Executive has irrevocable or vested rights to severance or similar benefits or to post-employment health or group insurance benefits, in all cases other than as set forth in this Agreement.

d. **Unknown Claims:** Executive understands that Executive is releasing Claims about which Executive may be unaware. That is Executive's knowing and voluntary intent, even though Executive recognizes that someday Executive might learn that some or all of the facts Executive currently believes to be true are untrue or learns of facts or other matters about which Executive now is unaware, and even though Executive might then regret having executed or re-executed this Agreement. Nevertheless, Executive is assuming that risk and Executive agrees that this Agreement shall remain effective in all respects in any such case. Executive expressly waives all rights Executive might have under any law that is intended to protect Executive from waiving unknown claims. Executive understands the significance of doing so.

e. **Whistleblower Protections:** Nothing in this Section 5 shall be construed to prohibit Executive from filing a charge with or participating in any investigation or proceeding conducted by the Department of Justice, the Securities and Exchange Commission, the Occupational Safety and Health Administration, the Equal Employment Opportunity Commission, any Inspector General, or any comparable state or local agency, or from reporting a possible violation of law to a government entity or law enforcement, including making a disclosure that is protected under the whistleblower protections of applicable law. Executive does not need the prior authorization of the Company to make any such reports or disclosures and Executive is not required to notify the Company that Executive has made such reports or disclosures. Notwithstanding the foregoing, to the fullest extent permitted by law, Executive agrees to waive Executive's right to recover against the Released Parties individual relief in any charge, complaint, or lawsuit filed by Executive or anyone on Executive's behalf. The Parties acknowledge that pursuant to 18 USC § 1833(b), Executive may not be held liable under any criminal or civil federal or state trade secret law for disclosure of a trade secret: (A) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law or (B) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, the Parties acknowledge that if Executive sues the Company for retaliation based on the reporting of a suspected violation of law, Executive may disclose a trade secret to Executive's attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and Executive does not disclose the trade secret except pursuant to court order.

6. **Promises Warranties, and Representations:**

a. **Employment Termination:** Executive understands and agrees that following the Separation Date Executive has no right of rehire or reinstatement with any Released Party, regardless of location, and that each and every Released Party is under no obligation to rehire or reinstate Executive. Executive also acknowledges and understands that the failure of a Released Party to rehire or reinstate Executive is in no way discriminatory or retaliatory in nature.

b. **Pursuit of Released Claims:** Executive affirms that Executive has not filed, has not caused to be filed, and is not presently party to, any actions, grievances, arbitrations, complaints, claims or other legal proceedings against any Released Party in any forum relating to any Claim released in Section 5 above. Subject to Section 5 above, and to the extent permitted by law, Executive agrees not to, directly or indirectly, file, initiate, encourage, aid or assist in any investigations, actions, grievances, arbitrations, complaints, claims or other legal proceedings against any Released Party related to any Claim released in Section 5 above. Notwithstanding the foregoing, Executive understands that nothing in this Agreement prohibits Executive from: (i) challenging the knowing and voluntary nature of the release of ADEA claims pursuant to the OWBPA; (ii) making, asserting or enforcing any claim or right which cannot be waived under applicable law, including but not limited to the right to file a charge with, provide information to or participate in an investigation or proceeding conducted by the Texas Workforce Commission Civil Rights Division, the Equal Employment Opportunity Commission or other federal, local or state governmental agency charged with enforcing anti-discrimination laws, or the National Labor Relations Board; (iii) making, asserting or enforcing any claim or right to accrued benefits (within the meaning of Sections 203 and 204 of the Employee Retirement Income Securities Act of 1974, as amended); or (iv) making, asserting or enforcing any rights Executive has or claims that may arise after the date this Agreement is executed and re-executed. For the avoidance of doubt, nothing in this Agreement prohibits Executive from making, asserting or enforcing any right or claim that is created, acknowledged and/or not otherwise waived under this Agreement. Subject to advancement and indemnification that may be available to Executive, Executive further agrees and covenants that should any person, entity, organization, or federal, state or local governmental agency institute an investigation, action, grievance, arbitration, complaint, claim or other legal proceeding involving any matter encompassed by the release set forth in Section 5, Executive shall not be entitled to recover and expressly waives any right to seek, accept or recover any monetary relief or other individual remedies. The Company affirms that the Company has not filed, has not caused to be filed, and is not presently party to, any actions, grievances, arbitrations, complaints, claims or other legal proceedings against Executive in any forum. As of the date of this Agreement, the Company represents that it has no present intention to sue Executive or initiate an arbitration against him in connection with any matter, except the Reimbursement Procedure; provided, however, that nothing herein prohibits the Company from asserting a claim of ownership over any artwork that has been removed from Company premises, including but not limited to that which is presently in storage in accordance with an agreement between the Parties on November 27, 2019.

c. **Execution and Re-Execution of this Agreement:** Executive understands and agrees that, but for Executive's execution and re-execution of this Agreement, including the release of claims under ADEA contained herein, and the fulfillment of the promises contained herein, Executive would not be entitled to receive the Transition Benefits or the Severance Payment, as applicable.

d. **Company Property:** Executive shall fully comply with Executive's obligations under Sections 8(c)(iv) and 8(c)(vi) of the Executive Employment Agreement between Executive and the Company, effective as of November 5, 2018 (the "Employment Agreement"), by returning all documents and information described in such sections to Susan Comparato, SVP, US General Counsel for the Company, and that notwithstanding the timing set forth in such sections Executive shall meet the obligations set forth therein no later than the end of the Second Revocation Period.

e. **Ownership of Claims:** Executive has not assigned or transferred any Claim Executive is releasing, nor has Executive purported to do so. In addition to any other remedies, rights or defenses that may be available to the Released Parties by virtue of this Release or my breach hereof, Executive will pay the reasonable attorneys' fees, costs, expenses and any damages the Released Parties incur as a result of my breach of this representation or if this representation was false when made.

f. **Implementation:** Executive and the Company agree to sign any documents and take any reasonable action that is necessary in the future to implement this Agreement.

7. **Notice, Time for Consideration and Revocation Period:**

a. THE RELEASE OF CLAIMS CONTAINED IN THIS AGREEMENT CONSTITUTES A RELEASE OF KNOWN AND UNKNOWN CLAIMS, IN ACCORDANCE WITH SECTION 5, INCLUDING WITHOUT LIMITATION, ALL CLAIMS FOR AGE DISCRIMINATION UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT AND ANY SIMILAR STATE LAWS. THIS AGREEMENT DOES NOT WAIVE RIGHTS OR CLAIMS THAT MAY ARISE AFTER THE DATE IT IS EXECUTED OR RE-EXECUTED, AS APPLICABLE.

b. EXECUTIVE AGREES THAT EXECUTIVE IS WAIVING RIGHTS AND CLAIMS EXECUTIVE MAY HAVE IN EXCHANGE FOR CONSIDERATION WHICH IS IN ADDITION TO THINGS OF VALUE TO WHICH EXECUTIVE MAY ALREADY BE ENTITLED.

c. EXECUTIVE UNDERSTANDS AND AGREES THAT EXECUTIVE HAS BEEN ADVISED THAT EXECUTIVE HAS THE RIGHT TO CONSULT WITH AN ATTORNEY OF EXECUTIVE'S CHOOSING PRIOR TO EXECUTING AND RE-EXECUTING THIS AGREEMENT.

d. EXECUTIVE UNDERSTANDS THAT EXECUTIVE WILL HAVE AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS AGREEMENT BEFORE EXECUTIVE'S EXECUTION AND RE-EXECUTION OF IT. EXECUTIVE MAY, IF EXECUTIVE WISHES, ELECT TO SIGN THIS AGREEMENT PRIOR TO THE EXPIRATION OF THE TWENTY-ONE (21) DAY CONSIDERATION PERIOD, AND EXECUTIVE AGREES THAT IF EXECUTIVE ELECTS TO DO SO, EXECUTIVE'S ELECTION IS MADE FREELY AND VOLUNTARILY AND AFTER HAVING AN OPPORTUNITY TO CONSULT COUNSEL.

e. EXECUTIVE UNDERSTANDS THAT EXECUTIVE HAS SEVEN (7) DAYS FOLLOWING EXECUTIVE'S EXECUTION AND RE-EXECUTION OF THIS AGREEMENT (EACH SUCH PERIOD, AS APPLICABLE, THE "REVOCATION PERIOD") TO REVOKE IT BY DELIVERING WRITTEN NOTICE OF SUCH REVOCATION TO SUSAN COMPARATO AND THAT THIS AGREEMENT SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD THAT BEGINS FOLLOWING EXECUTIVE'S INITIAL EXECUTION OF THIS AGREEMENT HAS EXPIRED. EXECUTIVE UNDERSTANDS THAT, IF EXECUTIVE ELECTS TO EXERCISE EXECUTIVE'S RIGHT TO REVOKE THIS AGREEMENT DURING A REVOCATION PERIOD, THIS AGREEMENT SHALL BE VOIDED IN ITS ENTIRETY AT THE ELECTION OF THE COMPANY AND THE COMPANY SHALL BE RELIEVED OF ALL OBLIGATIONS TO PAY OR PROVIDE THE TRANSITION BENEFITS DESCRIBED IN SECTION 2 HEREOF OR THE SEVERANCE PAYMENT DESCRIBED IN SECTION 3(B) HEREOF, AS APPLICABLE.

8. **Non-admission of Liability or Wrongdoing:** The Parties understand and agree that neither the execution of this Agreement nor any of the terms of this Agreement constitute an admission by any Party of any liability or wrongdoing on the part of that Party.

9. **Acknowledgements by Executive:** In executing and re-executing this Agreement, Executive acknowledges:

a. That Executive has not suffered any job related wrongs or injuries, such as any type of discrimination, for which Executive might still be entitled to compensation or relief in the future. Except as otherwise set forth herein, Executive has been paid all wages, compensation and benefits, and other amounts that the Company or any Released Party should have paid Executive in the past.

b. That Executive is intentionally releasing Claims (as defined in Section 5(c)) that Executive did not know that Executive might have and that, with hindsight, Executive might regret having released. Executive has not assigned or given away any of the claims Executive is releasing.

c. That Executive has read and understands this Agreement and that Executive has been advised to consult with an attorney about its meaning and effect and has done so.

d. That Executive is releasing all Claims (as defined in Section 5(c)) against the Released Parties, whether known or unknown, knowingly and voluntarily and without duress, coercion or undue influence of any kind.

10. **Knowing and Voluntary Execution:** Executive states and represents that Executive has carefully read this Agreement and knows and understands the contents thereof, and that Executive has executed the same as Executive's own free act and deed. Executive also

acknowledges that Executive has had the opportunity to ask questions about each and every provision of this Agreement and that Executive fully understands the effect of the provisions contained herein upon Executive's legal rights.

11. **Arbitration.** Except as specifically set forth in this Section regarding equitable relief, any claim or controversy arising between the Parties, including but not limited to claims that arise under this Agreement, shall be subject to final and binding arbitration in Bexar County, Texas, in accordance with the American Arbitration Association's ("AAA") National Rules for the Resolution of Employment Disputes in effect at the time the demand for arbitration is made, which are incorporated herein and are available through the AAA's website (<http://www.adr.org>), except to the extent they conflict with the specific provisions of this Agreement; provided, however, that if either Party breaches, or takes any material step which, is likely to result in the breach of this Agreement, the other Party shall be entitled to seek appropriate equitable relief, including but not limited to a temporary restraining order or temporary or permanent injunctive relief, which shall be available without posting of any bond or other security, and that such action for equitable relief shall be subject to the exclusive jurisdiction of the courts of Bexar County, Texas, and that each Party irrevocably and unconditionally waives any objection that Party may now or thereafter have to the venue or jurisdiction of any such court or that such venue is inconvenient and agrees not to plead or claim the same.

12. **Section 409A:**

a. The Company believes and intends that the payments and benefits provided under this Agreement shall either be exempt from the application of, or comply with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and this Agreement shall be construed in a manner that effectuates this intent. Neither the Company nor its respective directors, officers, employees or advisers (other than Executive) shall be held liable for any taxes, interest, penalties or other monetary amounts owed by Executive as a result of this Agreement. Notwithstanding anything in this Agreement to the contrary, the Company may amend this Agreement, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of remaining exempt from or complying with the requirements of Section 409A of the Code and the administrative regulations and rulings promulgated thereunder.

b. In the event that, notwithstanding the clear language of this Agreement and the intent of the Company, any amount or benefit under this Agreement constitutes non-exempt "deferred compensation" for purposes of Section 409A of the Code ("Non-Exempt Deferred Compensation") and is payable or distributable by reason of Executive's separation from service during a period in which Executive qualifies as a "specified employee" (as defined in Section 409A of the Code and the final regulations thereunder), then, subject to any permissible acceleration of payment under Section 409A of the Code: (i) the amount of such Non-Exempt Deferred Compensation that would otherwise be payable during the six-month period immediately following Executive's separation from service under the terms of this Agreement shall be accumulated through and paid or provided on the first day of the seventh month following Executive's separation from service (or, if Executive dies during such period,

within thirty (30) days after Executive's death) (in either case, the "Required Delay Period"); and (ii) the normal payment or distribution schedule for any remaining payments or distributions shall resume at the end of the Required Delay Period.

c. To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes Non-Exempt Deferred Compensation, (i) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year.

13. **Notices:** Except as set forth herein, any notice required or permitted to be given to Executive pursuant to this Agreement shall be sufficiently given if sent to Executive by registered or certified mail at the address last shown on the Company's records or at such other address as Executive shall designate by written notice to the Company, and any notice required or permitted to be given to the Company pursuant to this Agreement shall be sufficiently given if sent to the Company by registered or certified mail addressed to it at 110 Pitts Bay Road, Pembroke HM 08 Bermuda, Attn: General Counsel, or at such other address as it shall designate by notice to Executive.

14. **Executed Counterparts:** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. A PDF or facsimile shall be deemed an original.

15. **Amendment; Waiver:** This Agreement shall not be amended, altered or modified except by an instrument in writing duly executed by the Party against whom enforcement is sought. Neither the waiver by either of the Parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure of either of the Parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any such provisions, rights or privileges hereunder.

16. **Effect of Void Provision:** If a Party successfully asserts that any provision in this Agreement is void or invalid, the rest of the Agreement shall remain valid and enforceable. Executive hereby agrees that if any portion of Executive's release of claims set forth in Section 5 is deemed invalid, Executive shall enter into a new agreement with the Company that contains a release of claims that is satisfactory to the Company and to Executive.

17. **Assignability:** Executive's rights, obligations and agreements under this Agreement shall inure to the benefit of and be binding on Executive's heirs, executors, legal representatives and assigns, and the Company's rights, obligations and agreements shall inure to the benefit of and be binding on its successors and assigns.

18. **Entire Agreement:** This Agreement sets forth the entire agreement between the Parties hereto and supersedes and replaces any and all prior or contemporaneous representations, restrictions, duties, obligations and/or agreements, whether oral or written, arising from or relating to the subject matter herein, and further supersedes and replaces the Term Sheet and the Employment Agreement; provided, however, that Sections 8(a), (b), (c), (g), (h) and (i); Section 22, and Section 24 of the Employment Agreement shall not be superseded by this Agreement and shall remain in full force and effect, except as specifically modified herein. Executive acknowledges that each time Executive signs this Agreement, Executive does so without relying on any representations, promises or agreements of any kind that are not expressly contained in this Agreement. For the sake of clarity, this Agreement shall not supersede the Undertaking Agreement.

19. **Withholding:** Executive is responsible for paying any taxes on amounts Executive receives as a result of Executive's execution and re-execution of this Agreement. The Company shall have the authority and right to withhold an amount sufficient to satisfy federal, state, local and foreign taxes required by law to be withheld with respect to any payments or benefits under this Agreement. Such withholding shall be consistent with Executive's elections in his IRS Form W-4 currently on file with the Company. For the avoidance of doubt, withholding required by virtue of the vesting of restricted shares in accordance with Section 2(b) of this Agreement shall be effected by share withholding from the released shares other than the shares being placed in escrow pursuant to Section 4(a) of this Agreement.

20. **Interpretation:** This Agreement shall be construed as a whole according to its fair meaning. This Agreement was drafted by both Parties and shall not be construed in favor of, or against, any Party by reason of any presumption regarding who drafted this Agreement. Unless the context indicates otherwise, the singular or plural shall be deemed to include the other. Captions are intended solely for convenience of reference and shall not be used in the interpretation of this Agreement.

21. **Governing Law:** This Agreement is entered into under, and shall be governed for all purposes, by the laws of the State of Texas, without regard to its conflicts of law principles.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement, or have caused this Agreement to be duly executed and delivered on their behalf.

ARGO GROUP INTERNATIONAL HOLDINGS, LTD.

By /s/ John R. Power, Jr.

John R. Power, Jr.  
Chairman, Human Resources Committee  
Board of Directors of  
Argo Group International Holdings, Ltd.

Date: 12-6-19

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**FIRST EXECUTION – EXECUTIVE MUST EXECUTE NO LATER THAN DECEMBER 6, 2019**

**PLEASE READ CAREFULLY – THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS**

**ACKNOWLEDGED AND AGREED**

EXECUTIVE:

/s/ Mark E. Watson III

Mark E. Watson III

Date: 6 December 2019

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**SECOND EXECUTION – EXECUTIVE MUST EXECUTE ON OR BY JANUARY 8, 2020**

**PLEASE READ CAREFULLY – THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS**

**ACKNOWLEDGED AND AGREED**

EXECUTIVE:

Mark E. Watson III

Date:

*[Separation Agreement and Release Signature Page]*

**APPENDIX A****Vested Share Appreciation Rights**

<b>Grant Date</b>	<b>Exercise Price</b>	<b>Vested/Exercisable SARs</b>
March 15, 2013	\$26.19	74,807
June 17, 2013	\$26.19	3,240
March 14, 2014	\$31.92	167,656
February 25, 2015	\$37.85	118,421



## ESCROW AGREEMENT

This ESCROW AGREEMENT, dated as of December 9, 2019 (together with Schedule A hereto, this "Agreement"), is among ARGO GROUP INTERNATIONAL HOLDINGS, LTD., ("Company"), MARK E. WATSON III ("Executive") and AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC, a New York limited liability trust company, with principal offices located at 6201 15th Avenue, Brooklyn, New York, 11219 ("Escrow Agent").

WHEREAS, Company and Executive have entered into that certain Separation Agreement, dated as of December 6, 2019 (the "Separation Agreement"), pursuant to which Company and Executive agreed upon the terms of Executive's separation of employment from Company and its subsidiaries and affiliates;

WHEREAS, pursuant to the terms of the Separation Agreement, Company and Executive have agreed to a procedure to resolve issues regarding whether alleged expenses by Executive are to be reimbursed to the Company;

WHEREAS, neither the execution of this Agreement nor any of the terms of this Agreement constitute an admission by Executive or the Company of any liability or wrongdoing on the part of that party, which liability or wrongdoing is expressly disclaimed and denied;

WHEREAS, in accordance with the terms of the Separation Agreement, Company and Executive shall place the Escrow Assets (defined below) in a segregated and restricted escrow account titled in the name of the Escrow Agent for the benefit of Company, to be held by the Escrow Agent in accordance with this Agreement;

WHEREAS, Escrow Agent has agreed to accept, hold, and disburse the Escrow Assets deposited with it in accordance with the terms of this Agreement; and

WHEREAS, in order to establish the Escrow Account and otherwise to effect the provisions of the Separation Agreement, the parties hereto have entered into this Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Definitions. The following terms shall have the meanings indicated or referred to below, inclusive of their singular and plural forms, except where the context requires otherwise. Unless the context requires otherwise, all references to "years," "months," or "days" shall mean "calendar years," "calendar months," and "calendar days." References in this Agreement to "including" shall mean "including, without limitation," whether or not so specified. Any term not defined below which is initially capitalized in this Agreement shall have the meaning ascribed to it in this Agreement.

“Affiliate” means, with respect to any person, (a) a person which directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with such person, (b) any person of which such person is the beneficial owner of a twenty-five percent (25%) or greater interest, or (c) any person which acquires all or substantially all of the assets of such person. A person is deemed to control another person if such person, directly or indirectly, has the power to direct the management, operations or business of such person. The term “beneficial owner” is to be determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, as amended.

“Business Day” shall mean each day that is not a Saturday, Sunday or other day on which banking institutions located in New York are authorized or obligated by law or executive order to close.

“Escrow Assets” shall mean the Escrow Assets set forth on Schedule A hereto and deposited with Escrow Agent pursuant to Section 3 of this Agreement.

“Escrow Period” shall mean the period commencing on the date hereof and ending on the Termination Date set forth on Schedule A hereto.

“Company Representative” shall mean the person(s) so designated on Schedule A hereto or any other person designated in a writing signed and delivered to Escrow Agent in accordance with the notice provisions of this Agreement.

“Written Direction” shall mean a written direction compatible with Section 4 below directing Escrow Agent to disburse all or a portion of the Escrow Assets. Any such Written Direction shall contain issuance instructions containing name, address, Taxpayer Identification Number, and other pertinent information, in each case to the extent not previously provided to Escrow Agent.

2. Appointment of and Acceptance by Escrow Agent. Company and Executive hereby appoint Escrow Agent to serve as escrow agent hereunder. Escrow Agent hereby accepts such appointment and, upon receipt of the Escrow Assets, in accordance with Section 3 below, agrees to hold, upon receipt, the Escrow Assets in accordance with this Agreement.
3. Deposit of Escrow Assets. As soon as practicable following the execution of this Agreement and the Separation Agreement, Company and Executive will cause the transfer of the Escrow Assets to Escrow Agent, and Escrow Agent shall deposit the Escrow Assets in a segregated account of Escrow Agent.

4. **Disbursements of Escrow Assets.** Escrow Agent shall disburse all or a portion of the Escrow Assets only upon its receipt of a Written Direction in the form provided in subsections (a), (b) or (c) below, subject to the terms outlined therein:

- (a) Joint Disbursement Notice: Company and Executive may deliver to Escrow Agent a Written Direction duly executed by both the Company Representative and Executive directing Escrow Agent to disburse all or a portion of the Escrow Assets (a “Joint Disbursement Notice”). The Escrow Agent shall disburse the Escrow Assets in accordance with a Joint Disbursement Notice within five (5) Business Days of its receipt of such Joint Disbursement Notice.
- (b) Arbitration Award Notice: The Company and/or Executive may, following receipt of a decision issued by the arbitrator jointly selected by Company and Executive (the “Arbitrator Award”), issue a Written Direction directing Escrow Agent to disburse all or a portion of the Escrow Assets in accordance with the Arbitrator Award (the “Arbitration Award Notice”). Neither party shall issue an Arbitration Award Notice until the earlier of (i) the time to appeal the Arbitrator Award has expired and neither party has filed an appeal, or (ii) a party receives written notice from the other party that it does not intend to appeal the Arbitrator Award. The Escrow Agent shall disburse the Escrow Assets in accordance with an Arbitration Award Notice within five (5) Business Days of its receipt of such Arbitration Award Notice.
- (c) Final Resolution Notice: If the Company and/or Executive appeal the Arbitrator’s award, then following the receipt of a decision by a court of competent jurisdiction enforcing, confirming, vacating and/or modifying the decision rendered by the Arbitrator (the “Judicial Decision”), the Company and/or the Executive may deliver to Escrow Agent a copy of the Judicial Decision and a Written Direction to disburse all or a portion of the Escrow Assets (the “Final Resolution Notice”) in accordance with the terms of the Judicial Decision. The Escrow Agent shall disburse the Escrow Assets in accordance with a Final Resolution Notice within five (5) Business Days of its receipt of such Final Resolution Notice.
- (d) If Company and Executive submit any disputes with respect to the Escrow Assets to binding arbitration, Company and Executive shall jointly notify Escrow Agent in writing of the identity of, and contact information for, the Arbitrator.

5. **Suspension of Performance; Disbursement into Court.** If, at any time, (i) there shall exist any dispute between Company or Executive, on the one hand, and Escrow Agent, on the other hand, regarding any of the obligations of Escrow Agent hereunder, or (ii) Escrow agent is unable to determine, to the Escrow Agent’s satisfaction, the proper disposition of all or any portion of the Escrow Assets or Escrow Agent’s proper actions with respect to its obligations hereunder, or (iii) Company and Executive have not, within thirty (30) days of the furnishing by Escrow Agent of a notice of resignation pursuant to Section 6 hereof, jointly appointed a successor escrow agent to act hereunder (which such successor escrow agent has accepted such appointment), then Escrow Agent may petition (by means of an interpleader action or any other appropriate method) the United States District Court for the Southern District of the State of New York, or if such court lacks federal subject matter jurisdiction, the Supreme Court of the State of New York within New York County, for instructions with respect to such dispute or uncertainty, and to the extent required or permitted by law, deliver to such court (including its clerk of court), for holding and disposition in accordance with the instructions of such court, all Escrow Assets.

6. **Resignation of Escrow Agent.** The Escrow Agent may resign and be discharged from the performance of its duties hereunder at any time by giving thirty (30) days' prior written notice to Company and Executive specifying the date when such resignation shall take effect. Upon any such notice of resignation, Company and Executive shall issue to the Escrow Agent a joint Written Direction authorizing redelivery of the Escrow Assets to a transfer agent, bank or trust company that has been retained as successor to the Escrow Agent hereunder prior to the effective date of such resignation. The retiring Escrow Agent shall transmit all records pertaining to the Escrow Assets and shall pay all Escrow Assets to the successor escrow agent, after making copies of such records as the retiring Escrow Agent deems advisable.

After any retiring Escrow Agent's resignation, the provisions of this Agreement shall inure to the Escrow Agent's benefit as to any actions taken or omitted to be taken by it while it was Escrow Agent under this Agreement. Any corporation or other entity into which the Escrow Agent may be merged or converted or with which it may be merged or consolidated, or any other entity to which all or a majority of all of the Escrow Agent's escrow business may be transferred by sale of assets or otherwise, shall be the Escrow Agent under this Agreement without further act or consent of any party hereto.

7. **Liability of Escrow Agent.** The Escrow Agent undertakes to perform only the duties as are expressly set forth herein and no other duties and obligations (fiduciary or otherwise) shall be implied. The Escrow Agent shall have no duty to enforce any obligation of any other person to make any payment or delivery, or to direct or cause any payment or delivery to be made, or to enforce any obligation of any other person to perform any other act. The Escrow Agent shall have no liability under and no duty to inquire as to the provisions of any agreement (even though such agreement may be referenced in this Agreement) other than this Agreement. In the event of any conflict between the terms and provisions of this Agreement and any other agreement, as to the Escrow Agent, the terms and conditions of this Agreement shall control subject to Section 26 hereof. The Escrow Agent is not a party to the Separation Agreement, is not bound by any of its terms, and has not undertaken in any way to effectuate, implement or comply with the Separation Agreement. The Escrow Agent's sole responsibility shall be for the safekeeping and disbursement of the Escrow Assets in accordance with the terms of this Agreement. The Escrow Agent shall have no implied duties or obligations and shall not be charged with knowledge or notice of any fact or circumstance not specifically set forth herein or delivered in accordance with the notice provisions hereof. The Escrow Agent shall have no duty to solicit any payment which may be due to be paid in Escrow Assets or to confirm or verify the accuracy or correctness of any amounts deposited in accordance with this Agreement, other than to verify and confirm the receipt of and status of Escrow Assets in response to a request by Company or Executive. The Escrow Agent may rely conclusively, and shall be protected in acting, upon any notice, instruction (including a Written Direction (such as a wire transfer instruction)), request, order, judgment, certification, statement, demand or other instrument or document, not only as to its due execution, validity (including the authority of the person signing or presenting

the same) and effectiveness, but also as to the truth and accuracy of any information contained therein, which the Escrow Agent shall believe in good faith to be genuine and to have been signed or presented by the person or parties purporting to sign the same. In no event shall the Escrow Agent be liable for incidental, indirect, special, consequential or punitive damages of any kind whatsoever (including lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action, absent gross negligence or willful misconduct by the Escrow Agent.

Except as set forth above, the Escrow Agent shall not be obligated to take any legal or other action or commence any proceeding in connection with the Escrow Assets, any account in which Escrow Assets are deposited, this Agreement or the Separation Agreement, or to appear in, prosecute or defend any such legal action or proceeding (whether or not it shall have been furnished with acceptable indemnification and advancement). The Escrow Agent may consult legal counsel selected by it in the event of any dispute or question as to the construction of any of the provisions hereof or of any other agreement or of its duties hereunder, or relating to any dispute or question involving any party hereto, and may reasonably rely on the opinion or advice of such counsel. Company shall promptly pay, upon demand, the reasonable fees, costs and expenses of any such counsel. Escrow Agent shall have no responsibility with respect to the use or application of any Escrow Assets paid by Escrow Agent pursuant to the provisions hereof. Escrow Agent's shall not be liable to any other party hereto as a result of relying on the reasonable advice of counsel with respect to any dispute or question as to the construction of any of the provisions hereof or of any other agreement or of its duties hereunder, or relating to any dispute or question involving any party hereto.

Escrow Agent is authorized, in its sole discretion, to comply with orders issued or process entered by any court with respect to the Escrow Assets, without determination by Escrow Agent of such court's jurisdiction in the matter. If any portion of the Escrow Assets is at any time attached, garnished or levied upon under any court order, or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then and in any such event, Escrow Agent is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree which it is advised by legal counsel selected by it is binding upon it without the need for appeal or other action; and if Escrow Agent complies with any such order, writ, judgment or decree, it shall not be liable to any of the parties hereto or to any other person or entity by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated.

8. **Indemnification of Escrow Agent.** From and at all times after the date of this Agreement, Company shall, to the fullest extent permitted by law, defend, indemnify and hold harmless Escrow Agent and each director, officer, member, partner, trustee, employee, attorney, agent and Affiliate of the Escrow Agent (collectively, the "Indemnified Parties") against any and all actions, claims, losses, damages, liabilities, costs, penalties, judgments and expenses of any kind or nature whatsoever (including reasonable costs and expenses and reasonable outside attorneys' fees) incurred by or asserted against any of

the Indemnified Parties from and after the date hereof, whether direct, indirect or consequential, as a result of any claim, demand, suit, action or proceeding (including any inquiry or investigation) by any person, including Company and Executive, whether threatened or initiated, asserting a claim for any legal or equitable remedy against any Indemnified Party under any statute or regulation, including any federal or state securities laws, or under any common law or equitable cause or otherwise, resulting from the negotiation, preparation, execution, performance or failure of performance of this Agreement or any transactions contemplated herein or relating hereto (including tax reporting or withholding or the enforcement of any rights or remedies under or in connection with this Agreement); *provided, however,* that no Indemnified Party shall have the right to be indemnified hereunder for any liability finally determined by a court of competent jurisdiction, subject to no further appeal, to have resulted from the gross negligence or willful misconduct of any Indemnified Party. Any amounts paid by Company in respect of this paragraph shall be promptly repaid by the applicable Indemnified Party in the event of any gross negligence or willful misconduct of any Indemnified Party relating to such amounts paid.

9. **Fees, Costs and Expenses of Escrow Agent.** Company shall compensate Escrow Agent for its services hereunder in accordance with Schedule A attached hereto and, in addition, shall reimburse Escrow Agent for all of its reasonable and documented out-of-pocket costs and expenses, including reasonable attorneys' fees, telephone and facsimile transmission costs, postage (including express mail and overnight delivery charges), copying charges and the like. The additional provisions and information set forth on Schedule A hereto are hereby incorporated by this reference, and form a part of this Agreement. All of the compensation and reimbursement obligations set forth in this Section 9 shall be payable by Company within five Business Days following execution of this Agreement and, in the future, upon demand by Escrow Agent.
10. **Patriot Act Disclosure; Taxpayer Certification and Reporting.**
  - (a) **Patriot Act Disclosure.** Company and Executive acknowledge that a portion of the identifying information set forth on Schedule A hereto is being requested by Escrow Agent in connection with the USA Patriot Act, Pub.L.107-56 (the "Act"), and agree to provide any additional information requested by Escrow Agent in connection with the Act or any similar law, rule, regulation, order, or other governmental act to which Escrow Agent is subject, in a timely manner and consent to Escrow Agent obtaining from third parties any such identifying information. Company and Executive represent that all identifying information set forth on Schedule A hereto is true and complete on the date hereof and will be true and complete at the time of any disbursement of the Escrow Assets. For a non-individual person such as a charity, a trust, or other legal entity, Escrow Agent may require documentation to verify formation and existence as a legal entity. Escrow Agent may also require financial statements, licenses, identification and authorization documentation from any individual claiming authority to represent the entity or other relevant documentation.

(b) **Certification and Tax Reporting.** Company has provided Escrow Agent with its fully executed Internal Revenue Service (“IRS”) Form W-8 and/or other required documentation. Company acknowledges that solely for tax purposes, Escrow Agent does not have any interest in the Escrow Assets or the escrow account(s). All interest or other income earned under this Agreement shall be allocated to Company and reported, as and to the extent required by law, by Escrow Agent to the IRS, or any other taxing authority, on IRS Form 1099 or 1042S (or other appropriate form) as income earned from the Escrow Funds by Company whether or not said income has been distributed during such year. Company shall timely file all tax returns and pay all taxes due with respect to any income earned or losses generated with respect to the Escrow Funds. Escrow Agent shall not have any liability for the payment of taxes with respect to the Escrow Funds, and Company shall indemnify and hold Escrow Agent harmless from and against all such taxes. Escrow Agent shall withhold any taxes it deems appropriate in the absence of proper tax documentation or as required by law, and shall remit such taxes to the appropriate authorities. Company hereby represents and warrants to Escrow Agent that (i) there is no sale or transfer of a United States Real Property Interest as defined under Section 897(c) of the Internal Revenue Code of 1986, as amended, in the underlying transaction giving rise to this Agreement and (ii) such underlying transaction does not constitute an installment sale requiring any tax reporting or withholding of imputed interest or original issue discount to the IRS or other taxing authority.

11. **Consent to Jurisdiction and Venue.** In the event that any party hereto commences a lawsuit or other proceeding relating to or arising from this Agreement, the parties hereto agree that the United States District Court for the Southern District of the State of New York shall have the sole and exclusive jurisdiction over any such proceeding. If such court lacks federal subject matter jurisdiction, the parties hereto agree that the Supreme Court of the State of New York within New York County shall have sole and exclusive jurisdiction. Any final judgment shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Any of these courts shall be proper venue for any such lawsuit or judicial proceeding and the parties hereto waive any objection to such venue and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum.

The parties hereto consent to and agree to submit to the jurisdiction of any of the courts specified herein and agree to accept service of process to vest personal jurisdiction over them in any of these courts.

Each party hereto irrevocably and unconditionally waives any right to a trial by jury and agrees that any of them may file a copy of this section of this Agreement with any court as written evidence of the knowing, voluntary and bargained-for agreement among the parties hereto irrevocably to waive the right to trial by jury in any litigation related to or arising under this Agreement.

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12. **Notice.** All notices, instructions (pursuant to Written Direction or otherwise), approvals, consents, requests, and other communications hereunder shall be in writing and shall be deemed to have been given (a) when such writing is delivered by hand or overnight delivery service, or (b) upon telephone call-back in accordance with Section 13 below, after being sent by e-mail with PDF attachment from the designated e-mail account(s) of the sending person(s) as designated on Schedule A hereto to the designated e-mail account(s) of the receiving person(s) as designated on Schedule A hereto or (c) three (3) Business Days after being mailed by first class mail (postage prepaid), in each case to the address set forth on Schedule A hereto or to such other address as each party hereto may designate for itself by like notice.
  13. **Security Procedures.** If notices, instructions (pursuant to Written Direction or otherwise), approvals, consents, requests, and other communications, are received by Escrow Agent by e-mail at its e-mail account(s) as designated on Schedule A hereto, Escrow Agent is authorized, but not required, to seek prompt confirmation of such communications by telephone call-back to the sending person or persons' telephone number(s) as designated on Schedule A hereto, and Escrow Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated in that call-back. Any e-mail by PDF attachment executed by more than one person shall be sent by each signatory. The persons and their telephone numbers authorized to receive call-backs as designated in Schedule A hereto may be changed only in a writing actually received and acknowledged by Escrow Agent and delivered in accordance with Section 12 above and, if applicable, this Section 13. If Escrow Agent is unable to contact any such designated person, the Escrow Agent is hereby authorized (but not required) both to receive written instructions from and seek confirmation of such instructions by telephone call-back to any one or more of Company's executive officers (each, an "Executive Officer"), as the case may be, who shall include individuals holding titles of General Counsel, Chief Financial Officer or more senior thereto, as the Escrow Agent may select. Such Executive Officer(s) shall deliver to Escrow Agent a fully executed incumbency certificate upon Escrow Agent's request, and Escrow Agent may rely upon the confirmation of anyone purporting to be any such Executive Officer(s). The parties to this Agreement acknowledge and agree that the security procedures set forth above are commercially reasonable.

Escrow Agent in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by the parties hereto to identify (i) a beneficiary, (ii) a beneficiary's bank, or (iii) an intermediary bank.

14. **Amendment or Waiver.** This Agreement may be changed, waived, discharged or terminated only by a writing signed by all of the parties hereto that references this Agreement. No delay or omission by any party hereto in exercising any right with respect hereto shall operate as a waiver. A waiver on any one occasion shall not be construed as a bar to, or waiver of, any right or remedy on any future occasion.
15. **Severability.** To the extent any provision of this Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

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16. Governing Law. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of New York without giving effect to the conflict of laws principles thereof.
  17. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto relating to the holding and disbursement of the Escrow Assets and sets forth in their entirety the obligations and duties of the Escrow Agent with respect to the Escrow Assets. For the sake of clarity, this Agreement does not supersede or replace the Separation Agreement which shall remain of full force and effect. In the event there is a conflict between the provisions of this Agreement and the provisions of the Separation Agreement, the provisions of the Separation Agreement shall control.
  18. Binding Effect. All of the terms of this Agreement, as amended from time to time, shall be binding upon, inure to the benefit of and be enforceable by the respective successors and assigns of Company, Executive and Escrow Agent.
  19. Execution in Counterparts. This Agreement and any Written Direction may be executed in two or more counterparts, which when so executed shall constitute one and the same agreement or direction. Subject to Section 12 and Section 13 hereof, this Agreement and any Written Direction may be executed and delivered by e-mailing a PDF version of a signed signature page, which shall have the same force and effect as the delivery of an originally executed signature page.
  20. Termination of Escrow Agent. Upon the first to occur of (i) the termination of the Escrow Period (subject to the occurrence of the related distribution(s)), or (ii) the resignation of Escrow Agent, Escrow Agent shall be released from its obligations hereunder and Escrow Agent shall have no further obligation or liability whatsoever with respect to this Agreement or the Escrow Assets, other than, in the case of clause (ii) of this Section 20, to comply with Section 6 of this Agreement. The obligations of Company and Executive for services performed by Escrow Agent prior to the termination of this Agreement in accordance with this Section 20 shall continue to exist notwithstanding the termination or discharge of Escrow Agent's obligations or liabilities hereunder until the obligations of Company and Executive have been fully performed.
  21. Dealings. Nothing herein shall preclude Escrow Agent from acting in any other capacity for Company or for any other entity.
  22. Currency. The currency applicable to any amount payable or receivable under this Agreement is United States dollars.
  23. Force Majeure. Notwithstanding anything to the contrary hereunder, Escrow Agent shall not be liable for any delay, failure to perform, or other act or non-act resulting from acts of God, terrorism, war, civil unrest, fire, floods, electrical outages, and other similar causes beyond its reasonable control.

24. **No Third Party Beneficiaries**. This Agreement and all of its terms and conditions are for the sole and exclusive benefit of the parties hereto and their respective permitted successors and assigns. Nothing expressed or referred to in this Agreement will be construed to give any person or entity other than the parties to this Agreement any legal or equitable rights, remedy, or claim under or with respect to this Agreement or any term or condition of this Agreement.
25. **No Strict Construction**. The parties hereto have participated jointly in the negotiation and draft of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if it were drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party hereto by virtue of authorship of any provision of this Agreement.
26. **Priority**.
- (a) In the event of any conflict between the provisions of Schedule A hereto and the remainder of this Agreement, this Agreement shall control.
  - (b) Nothing contained in this Agreement shall amend, replace or supersede any agreement between Company and Escrow Agent to act as Company's transfer agent, which agreement shall remain of full force and effect.
27. **Headings**. The headings in this Agreement are for convenience purposes and shall be ignored for purposes of enforcing this Agreement, do not constitute a part of this Agreement, and may not be used by any party hereto to characterize, interpret, limit or affect otherwise any provision of this Agreement.

*[signature page follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

ARGO GROUP INTERNATIONAL HOLDINGS, LTD., as  
Company

By: /s/ Kevin J. Rehnberg  
Name: Kevin J. Rehnberg  
Title: Interim CEO

MARK E. WATSON III, as Executive

By: /s/ Mark E. Watson III  
Name: Mark E. Watson III

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC,  
as Escrow Agent

By: /s/ Michael Legregin  
Name: Michael Legregin  
Title: SVP

*[Signature Page to Escrow Agreement]*

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## SCHEDULE A

### 1. Escrow Funding.

Escrow Assets: 35,296 common shares of Company (the “Shares”), together with any dividends or distributions, stock splits or reverse stock splits with respect to the Shares, and any consideration received in exchange for the Shares in any transaction, such as a merger, business combination, tender offer or other transaction involving the Company. All voting rights pertaining to the Shares while held by the Escrow Agent shall be exercised by Executive.

### 2. Escrow Agent Fees.

Escrow Fee: \$5,000

The Escrow Fee is payable by the Company within five (5) Business Days upon execution of this Agreement.

The fees quoted in this schedule apply to services ordinarily rendered in the administration of an escrow account and are subject to reasonable adjustment based on final review of documents, or when Escrow Agent is called upon to undertake unusual or extraordinary duties or responsibilities, or as changes in law, procedures, or the cost of doing business demand. Services in addition to and not contemplated in this Agreement, including document amendments and revisions, non-standard cash and/or investment transactions, calculations, notices and reports, and legal fees, will be billed as expenses.

Unless otherwise indicated, the above fees relate to the establishment of one escrow account. Additional sub-accounts governed by this Agreement may incur an additional charge. Transaction costs include charges for wire transfers, checks, internal transfers and securities transactions.

The fees quoted in this schedule are subject to reasonable adjustment by Escrow Agent in accordance with its customary practices and if it is called upon to undertake further unusual or extraordinary duties or responsibilities, or as changes in law, procedures, or the cost of doing business demand.

### 3. Termination and Disbursement. Unless earlier terminated by the provisions of this Agreement, the Escrow Period will terminate on the date that Escrow Agent has disbursed the Escrow Assets in accordance with the terms of a Written Direction (the “Termination Date”). Notwithstanding anything to the contrary herein, this Agreement shall continue in full force and effect so long as any Escrow Assets remain deposited with the Escrow Agent.

4. Representatives. Each of the following persons is hereby designated and appointed as Company Representatives:

Craig Comeaux  
\_\_\_\_\_  
Craig Comeaux  
VP, Secretary & Corporate Counsel  
175 E. Houston St. Suite 1300  
San Antonio, TX 78205  
ccomeaux@argogroupus.com

/s/ Craig Comeaux  
\_\_\_\_\_  
Specimen signature

Sara Bhattacharya  
\_\_\_\_\_  
Sara Bhattacharya  
Senior Analyst, Compensation Programs  
175 E. Houston St. Suite 1300  
San Antonio, TX 78205  
sara.bhattacharya@argogroupus.com

/s/ Sara Bhattacharya  
\_\_\_\_\_  
Specimen signature

5. Notice Addresses.

If to Company:

Argo Group US  
175 E. Houston St. Suite 1300  
San Antonio, TX 78205  
Attention: Craig Comeaux, VP, Secretary & Corporate Counsel  
E-mail: ccomeaux@argogroupus.com  
Tel: (210) 321-8505

with a copy (which shall not constitute notice) to:

Hogan Lovells US LLP  
390 Madison Avenue  
New York, New York 10017  
Attention: Martha Steinman  
E-mail: martha.steinman@hoganlovells.com  
Tel: (212) 918-5580

If to Escrow Agent at:

American Stock Transfer & Trust Company, LLC  
6201 15th Ave  
Brooklyn NY 11219  
Attn: Escrow Department  
Tel: (718) 921.8135

with copy to:

American Stock Transfer & Trust Company, LLC  
48 Wall Street, 22nd Floor  
New York, NY 10005  
Attention: Legal Department  
Email: [legalteamAST@astfinancial.com](mailto:legalteamAST@astfinancial.com)

If to Executive at:

Mark E. Watson III  
[REDACTED]

with copy to:

Kasowitz Benson Torres LLP  
1633 Broadway  
New York, NY 10019  
Attention: Daniel J. Fetterman  
Email: [DFetterman@kasowitz.com](mailto:DFetterman@kasowitz.com)  
Tel: (212) 506-1934

6. Designated Email Accounts and Telephone Call-Back Numbers (for persons designated to send and receive notices by e-mail).

Company:

<u>Name</u>	<u>Email Address</u>	<u>Phone</u>
Craig Comeaux	<a href="mailto:ccomeaux@argogroupus.com">ccomeaux@argogroupus.com</a>	210-321-8505
Sara Bhattacharya	<a href="mailto:sara.bhattacharya@argogroupus.com">sara.bhattacharya@argogroupus.com</a>	210-321-8429

Executive :

<u>Name</u>	<u>Email Address</u>	<u>Phone</u>
Mark E. Watson III	[REDACTED]	[REDACTED]
Daniel J. Fetterman	<a href="mailto:DFetterman@kasowitz.com">DFetterman@kasowitz.com</a>	(212) 506-1934

Escrow Agent:

Name

Erica Mackey

Email Address

EMackey@astfinancial.com

Phone

718-921-8300  
ext 6709