

Securing the Future

An Interview with Mark E. Watson III,
President and Chief Executive Officer, Argo Group International Holdings, Ltd.

EDITORS' NOTE In 1999, Mark Watson joined the board of directors of Argo Group's predecessor company, Argonaut Group, and has overseen the organization's development as a leading specialty underwriter since becoming its Chief Executive Officer in 2000. Prior to joining Argonaut, Watson was one of two founding partners of Aquila Capital Partners. Before this, he was an Executive Vice President and member of the board of directors of Titan Holdings, Inc. from 1992 until its acquisition in 1997 by USF&G Corporation. From 1989 to 1991, he was an Associate Attorney with Kroll & Tract and, earlier, Watson was a legislative aid to Texas State Senator Donald Henderson. He graduated with a B.B.A. from Southern Methodist University and a J.D. from The University of Texas School of Law.



Mark E. Watson III

COMPANY BRIEF Argo Group International Holdings, Ltd. (www.argolimited.com) is an international underwriter of specialty insurance and reinsurance products in the property and casualty market. Argo Group offers a full line of products and services designed to meet the unique coverage and claims handling needs of businesses in four primary segments: Excess & Surplus Lines, Commercial Specialty, International Specialty, and Syndicate 1200. Argo Group's insurance subsidiaries are A. M. Best-rated 'A' (Excellent) with a stable outlook, and Argo's U.S. insurance subsidiaries are Standard and Poor's-rated 'A-' (Strong) with a stable outlook.

As a large company with a broad focus, which philanthropic segments do you address with your foundation work?

Every business has a purpose for being. In our case, internally we use the tagline "to secure the future" of a number of constituencies. It starts with our policyholders, because we need to ensure we'll be around to pay their claims; next, it's our employees – we want to create a terrific work environment where they want to come to work every day and do a great job for our policyholders; third, it's our shareholders – it's their money; and the last part is securing the future of the communities where we operate. We have a number of businesses

around the world, predominantly in the U.S., Bermuda, and the U.K. It's important that we give back to those communities and the people that may be affected by some of the catastrophes that we insure.

In the U.S., we've established Argo Secure the Future Fund, which is focused on helping people who may be displaced or may have lost everything as a result of a natural disaster. In Bermuda, we have a foundation that provides support for charities focused on the health and development of

young people on the island. With the budgetary challenges of the government, they count on the philanthropic activity of the international companies located there.

Across Argo Group, we direct a lot of our philanthropic activity through our employees via a robust matching gift program. We have matched more than dollar for dollar what our employees put in, or if they put in their time, we'll also spend on charitable activities that are important to them.

We think that is important on many levels: it helps out the communities where we operate; it lets our employees take a very active role; and it leads to a broader view of what we might otherwise do.

Is it necessary that the causes you support align with your business or are they looked at separately?

A lot of what we do is meant to be about planning for the future. Our focus on children and teens in Bermuda is an example of that. We're trying to help develop the next generation of businesspeople that hopefully will come to work for Argo.

In the U.S., because part of what we do is to insure for national catastrophes, we think there is alignment with our giving there. But there are a wide range of causes and activities that help to secure the future so, while our charitable giving is strategic, there's still a fair amount of flexibility.

Is helping others a natural extension of what business stands for? Is it already a part of the DNA of those people who join your company?

For some of them it is, but once they get into the company, they see an opportunity to further give back. Our London office is a great example. Each year, our employees there select

one charity to support in a big way. In the past year, they've raised over £50,000 for a charity that enables very sick children to be cared for in their homes rather than in a hospital. That's an incredible amount of money from an office of about 140 people.

Our employees across the globe are very generous in volunteering their time to support numerous causes within their local communities.

Do you need to provide the access to charitable activities for those employees?

Someone who spends just a few hours a year is giving back – it doesn't have to become a second job. The important thing is the symbolic act of giving some of your time or money.

Is it important to have metrics in place to track impact on the foundation side?

We want to make sure that the support we give is making a difference. For our foundation, we require that charities receiving our support provide a report on the outcomes achieved as a result of the funding.

This is an industry that takes care of people during a crisis but doesn't always get appreciated for that. Why isn't the industry viewed more positively?

The leadership coming out of our industry continues to improve with each decade. Hank Greenberg set a high standard when it comes to philanthropy. Leaders like Brian Duperreault and Joe Plumeri and others have done a tremendous amount.

Also, when a catastrophe happens, thousands of employees across our industry mobilize in response to help people and businesses get back on their feet. Of course, you're always going to hear the stories when someone's claim doesn't get paid but you really don't hear enough about all the remarkable ways that people in our industry step up – both on the job and in their communities. I guess we could do a better job at communicating all the good things our industry does.

What has allowed Argo Group to remain consistently strong?

The past few years have been a bumpy ride, but 2012 was an okay year and I think we'll have a good 2013. I attribute that to having the same business strategy today that we've had for the past 10 years instead of changing our focus every time some business environmental issue hits us. Looking ahead has been key to our success. ●