



Mark E. Watson III

EDITORS' NOTE In 1998, Mark Watson made an investment in Argo Group's predecessor company, Argonaut Group, and joined its board of directors in 1999. He has overseen the organization's development as a leading specialty underwriter since becoming its Chief Executive Officer in 2000. Earlier, 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. He graduated with a B.B.A. from Southern Methodist University and a J.D. from The University of Texas School of Law.

COMPANY BRIEF Argo Group International Holdings, Ltd. (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 around the world.

What has been the key to the continued improvement of Argo and how well positioned is the company going forward?

We have had a consistent strategy for over a decade, which I think we've done a pretty good job of executing.

Much of the improvement in financial results came from investments in technology and people, simplifying our operations, and developing a client-facing mentality.

The financial results we see today are a reflection of work that we did three or four years ago, not just from good execution today, and those investments will yield positive results for the next few years. More importantly, the things we're investing in today – again, mainly people and technology – give us a clear line of sight to the future.

Today, people talk a lot about innovation, but we have been doing that for more than a decade so it is not new to us. We focus on continuous improvement, not just in terms of product and services for customers but also in how we run our business.

Leading Specialty Underwriters

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

Is that innovation primarily with product and technology or is it broader?

Innovation takes many forms. Sometimes people focus on product innovation and think that's all there is, or they think of new things, meaning inventions.

I have to remind people that innovation isn't always invention – it can be taking something that one already does and changing it a bit to improve upon it. Sometimes, new ideas come about, but looking at our company, 80 percent of the innovative things we've done over the past decade or two haven't been that focused on product per se but on how we face the client and how we're structured as a company.

being more client-facing. This allows them more time for thinking of new ideas and solutions for our clients.

Technology replaces some people in the more ministerial functions but not the professional or thoughtful functions and, in our company, we're a professional organization.

In our case, it's not about replacing people but enhancing them and allowing them to do a better job.

Do you still see strong opportunities in emerging markets?

After a thorough review of the emerging markets several years ago, we decided that doing more locally in Brazil would be a good idea. Lloyd's had just opened their office there and we were a part of that. We felt that if we could increase our presence by having a local office, then that would be a good opportunity for us. We began that effort five years ago but we didn't start doing business there until three years ago.

China is a difficult market to enter, though still growing, and it will continue to be an increasingly important marketplace for us. Over the past two years, we refocused our efforts on the U.S. and Continental Europe because we found a fair amount of opportunity in those markets, particularly in the U.S.

We have also looked at a few acquisitions, but we have plenty of organic opportunity. In the long run, Brazil will be important to us, but in the short run, being refocused on the U.S. in particular is what moves the needle the most.

Are those next-generation emerging leaders the sweet spot for the business or is your market broader than that?

We have a substantial proportion of small entrepreneurs we insure, but the premiums are much lower. The Fortune 500 really skews the numbers for our premium base.

Having said that, we continue to invest in small businesses and in entrepreneurs because that is the future of the economy and our industry.

Does it get more challenging to maintain your culture as you grow?

We try really hard to focus on culture first and everything else second.

We have a few week-long internal events over the course of the year that allows the company to work together. Since we've been able to use technology to scale the business and leverage the people we have, we can now do more with less, which means we have fewer people today than we did five years ago. That's a terrific outcome when you consider how much we grew during that time. ●

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