



Mark E. Watson III

EDITORS' NOTE Mark Watson invested in Argo Group's predecessor company, Argonaut Group, in 1998, joined its Board of Directors in 1999 and has served as President and CEO since 2000. Prior to joining Argonaut, Watson was one of two founding partners of Aquila Capital Partners, a Texas-based venture capital firm focused on technology and life sciences companies. Before this, he served as Executive Vice President and member of the Board of Directors of Titan Holding Inc., a NYSE-listed property and casualty insurance group, from 1992 until its acquisition in 1997 by USF&G Corporation. From 1989 to 1991, he was an Associate Attorney with Kroll & Tract, a New York law firm focusing on international financial services clientele. In 1989, Watson was a Legislative Aide to Texas State Senator Donald Henderson, a role in which he helped draft legislation to create the first college savings bond program in the state, as well as the first mandatory alternative fuels bill, both of which were enacted into law. Watson graduated with a B.B.A. from Southern Methodist University and a J.D. from the University of Texas School of Law. He is also an alumnus of Harvard Business School.

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.

How has Argo Group achieved such consistently strong results and where do you see growth opportunities?

Our success is due in great part to our strategy, which is to be a leading, international specialty underwriter. We've focused on that one strategy since I became CEO in 2000, and we've posted an average 10 percent

One Strategy, One Focus

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

growth in net asset value every year for the past 15 years. As for the future, opportunities in the specialty market are endless, because they are typically found in places where other kinds of businesses are transforming. That's happening in many places now, particularly in the new economy.

Argo has placed an ongoing focus on underwriting. How critical has this focus been to your growth?

In specialty insurance, every deal is unique. Each specialty underwriter must be able to assess a risk while considering changes in local conditions, the macro environment and the client's needs at the time. That kind of individual judgment comes only from deep domain expertise built over a long career. As such, our growth is directly and absolutely linked to the quality of our underwriters. We do whatever we can to make sure they have the teams, tools and technologies to make the best possible underwriting decisions.

How do you define the Argo Group brand?

We define the company's brand as the net impression we leave on our stakeholders. While we have several strong specialty brands in various markets – such as Ariel Re, our reinsurance division, and Colony Specialty, our excess and surplus lines business in the U.S. – our individual businesses are guided by overarching Argo Group brand attributes. That said, we use discrete brands to create visibility within each of our different distribution platforms.

What impact has technology had on the insurance industry and Argo Group?

A decade ago, we saw that insurance had to become a technology-propelled industry. We knew that any company that lagged would suffer. We invested heavily in four complementary streams of digitization: data analytics, process automation, product innovation and service delivery. As a result, we're reinventing ourselves, and our results are proving the merit of our commitment to technology.

The insurance industry is not always viewed as an innovative industry. How important is innovation to Argo's culture and where is the innovation taking place?

When you consider how much we've done in 15 years, it's clear that we could only have achieved this through innovation. We've

reinvented ourselves three times to serve our customers better and go out into the market. Having said that, the game has changed. Our customers themselves need to be innovative because their own clients' needs and expectations are evolving faster every month. We, in turn, must be continuously innovative to serve them, and not just by creating bold new products, although we're doing that. We must continue to make an endless series of small improvements in everything we do for our customers. The only way forward today is through constant improvement.

You have placed a major emphasis on attracting top talent to your management team. How critical has it been to build your executive team with industry leaders as you look to Argo's future?

When we committed to building a high-performing company, we knew we'd have to think differently about the concept of team. We'd have to engage rather than merely employ. Every single top-tier executive who has joined us believes strongly in that approach. They all appreciate where we're headed, and they know how to make a difference. With their guidance, we've been able to engage our employees more deeply and help them acquire the skills they need to tackle every new challenge.

How do you define the role of the CEO and what are the key aspects to effective leadership?

A CEO must have vision and judgment. By vision, I mean the habit of scanning the changing business environment for trends and conditions that produce both obstacles and opportunities. By judgment, I mean an ability to allocate resources wisely. Well-run companies today are built from teams of fast-moving experts who need the right resources at the right moment more than they need any day-to-day direction. A CEO with vision can play a critical role as a strategic allocator of those corporate resources, people being the most important, and that includes the company's intellectual capital.

How would people who have worked closely with you describe your management style?

They would say it's results oriented, backed by a constant search for people who think differently, and inspiring them to look beyond the status quo. ●