



2Q 2016 Investor Presentation

August 2016

Forward-Looking Statements

This presentation may include forward-looking statements, both with respect to Argo Group and its industry, that reflect our current views with respect to future events and financial performance. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as "expect," "intend," "plan," "believe," "do not believe," "aim," "project," "anticipate," "seek," "will," "likely," "assume," "estimate," "may," "continue," "guidance," "objective," "outlook," "trends," "future," "could," "would," "should," "target," "on track" and similar expressions of a future or forward-looking nature. All forward-looking statements address matters that involve risks and uncertainties, many of which are beyond Argo Group's control. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in such statements and, therefore, you should not place undue reliance on any such statements. We believe that these factors include, but are not limited to, the following: 1) unpredictability and severity of catastrophic events; 2) rating agency actions; 3) adequacy of our risk management and loss limitation methods; 4) cyclicity of demand and pricing in the insurance and reinsurance markets; 5) statutory or regulatory developments including tax policy, reinsurance and other regulatory matters; 6) our ability to implement our business strategy; 7) adequacy of our loss reserves; 8) continued availability of capital and financing; 9) retention of key personnel; 10) competition; 11) potential loss of business from one or more major insurance or reinsurance brokers; 12) our ability to implement, successfully and on a timely basis, complex infrastructure, distribution capabilities, systems, procedures and internal controls, and to develop accurate actuarial data to support the business and regulatory and reporting requirements; 13) general economic and market conditions (including inflation, volatility in the credit and capital markets, interest rates and foreign currency exchange rates); 14) the integration of businesses we may acquire or new business ventures we may start; 15) the effect on our investment portfolios of changing financial market conditions including inflation, interest rates, liquidity and other factors; 16) acts of terrorism or outbreak of war; and 17) availability of reinsurance and retrocessional coverage, as well as management's response to any of the aforementioned factors.

In addition, any estimates relating to loss events involve the exercise of considerable judgment and reflect a combination of ground-up evaluations, information available to date from brokers and cedants, market intelligence, initial tentative loss reports and other sources. The actuarial range of reserves and management's best estimate is based on our then current state of knowledge including explicit and implicit assumptions relating to the pattern of claim development, the expected ultimate settlement amount, inflation and dependencies between lines of business. Our internal capital model is used to consider the distribution for reserving risk around this best estimate and predict the potential range of outcomes. However, due to the complexity of factors contributing to the losses and the preliminary nature of the information used to prepare these estimates, there can be no assurance that Argo Group's ultimate losses will remain within the stated amount.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and elsewhere, including the risk factors included in our most recent reports on Form 10-K and Form 10-Q and other documents of Argo Group on file with or furnished to the U.S. Securities and Exchange Commission ("SEC"). Any forward-looking statements made in this presentation are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by Argo Group will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Argo Group or its business or operations. Except as required by law, Argo Group undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Argo Group at a Glance

Exchange / Ticker:

NASDAQ / "AGII"

Share Price:

\$54.88

Market Capitalization:

\$1.6 billion

Quarterly Dividend / Annual Yield:

\$0.22 per share / 1.6%

Gross Written Premium:

\$2.1 billion

Capital:

\$2.1 billion

Analyst Coverage:

Raymond James (Strong Buy) – Greg Peters
Compass Point (Neutral) – Ken Billingsley
Dowling & Partners (Neutral) – Aaron Woomer
JMP (Market Perform) – Matthew Carletti
KBW (Market Perform) – Meyer Shields
William Blair (Market Perform) – Adam Klauber

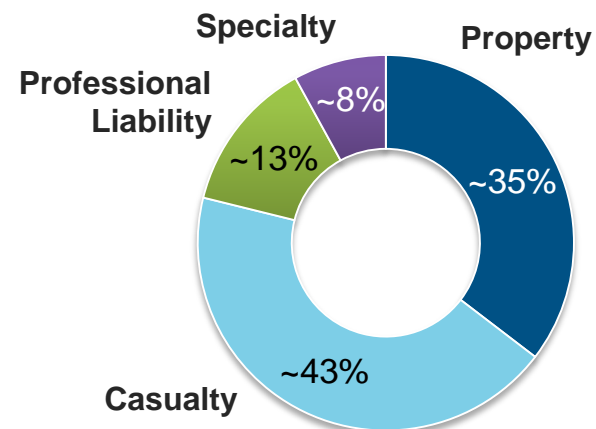
Atlanta • Bermuda • Boston • Brussels • Chicago • Dallas • Denver • Dubai • Fresno • Hamilton Township • Houston
Irvine • Jersey City • London • Los Angeles • Malta • New York • Paris • Peoria • Portland • Richmond • Rio de Janeiro
Rockwood • San Antonio • San Francisco • Sao Paulo • Scottsdale • Seattle • Singapore • Springfield • Zurich

Leading Specialty Franchise

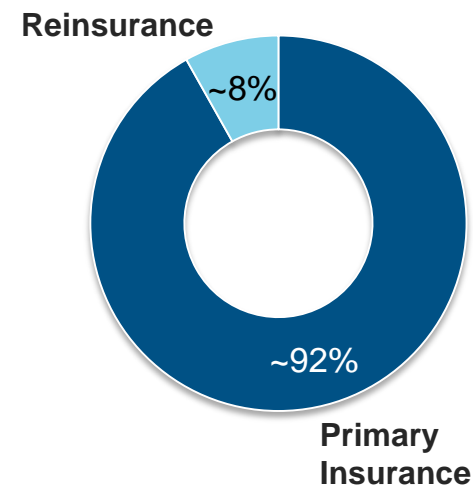
Argo Franchise Overview

- **Global underwriter of specialty insurance & reinsurance**
- **Strategically located in major insurance centers**
 - U.S., Bermuda and London
- **Established presence in attractive markets**
 - Leader in U.S. Excess & Surplus Lines
 - Top Quartile Lloyd's Syndicate by stamp
 - Strong core Commercial Specialty franchise
 - Leading Bermuda reinsurance & excess casualty platform
- **Diversified by geography, product & distribution**
- **Broad and strong producer relationships**
 - Agents, brokers, wholesalers, and coverholders
- **“A” (excellent) A.M. Best rating**

TTM GWP by Business Mix



TTM GWP by Business Type



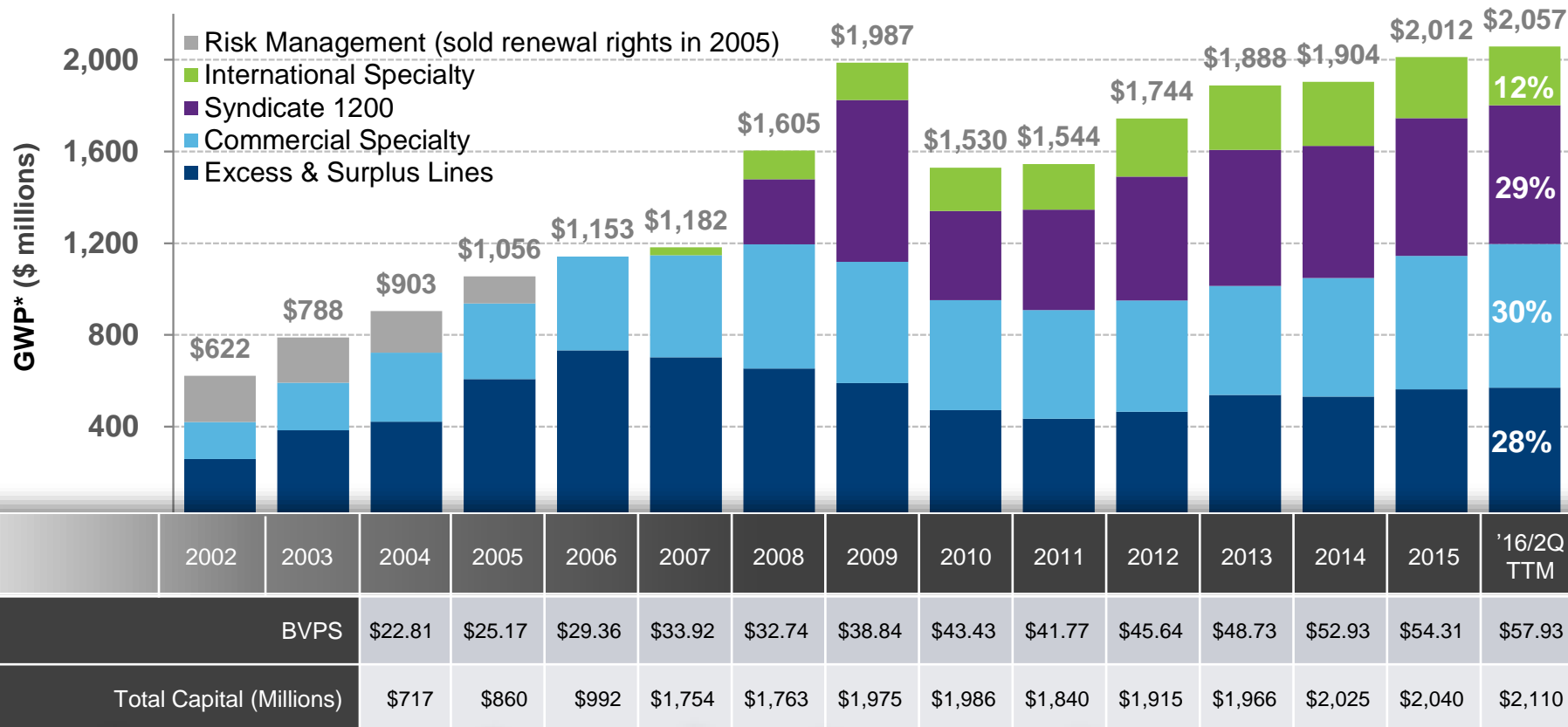
Strategy Aligned Toward Shareholder Value

- **Sustainable competitive advantage**
 - Niche markets
 - Underwriting expertise
 - Superior customer service
 - Product innovation
- **Profitable organic & strategic growth**
 - Profitable through cycles
 - Key underwriters/teams
 - Deals that meet stringent criteria
- **Deep, tenured management team**
- **Active capital management**



***Maximize
Shareholder
Value
through
growth in
Book Value
per Share***

Evolution of Growth and Diversification



2001

- Acquired Colony and Rockwood
- Founded Trident (Public Entity)

2005

- Sold Risk Management business

2007

- Rebranded Argo Group
- Completed acquisition in Bermuda
- Formed Argo Re

2008

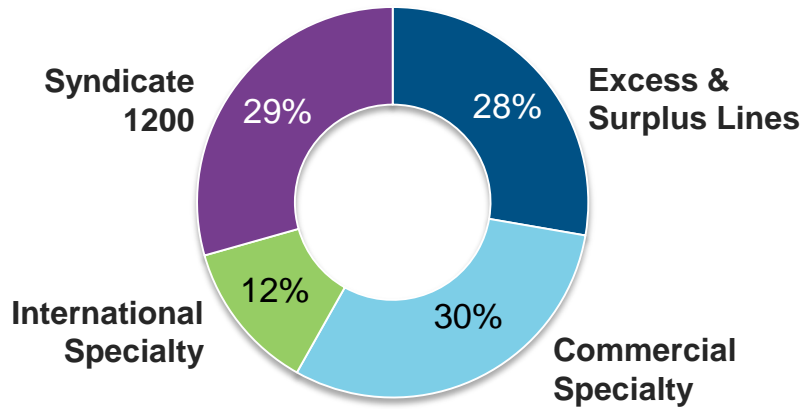
- Acquired Lloyd's Syndicate 1200

2011

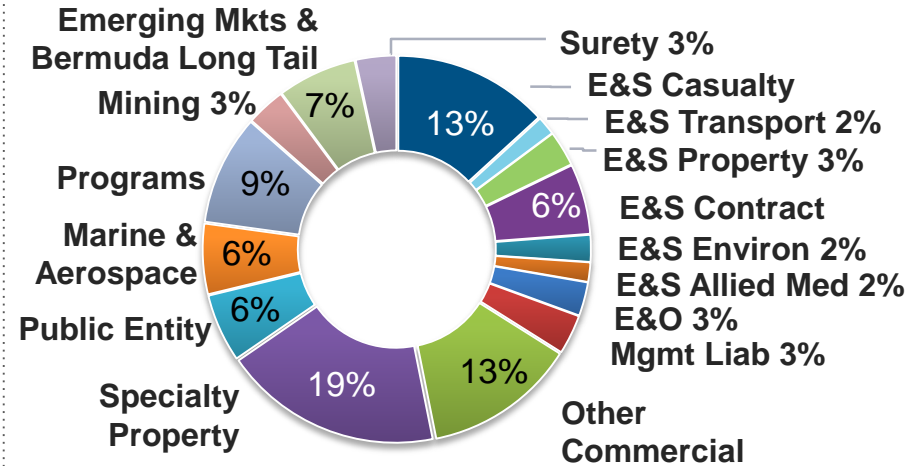
- Established local presence in Brazil

Argo Group Business Mix (\$2.1b in GWP)

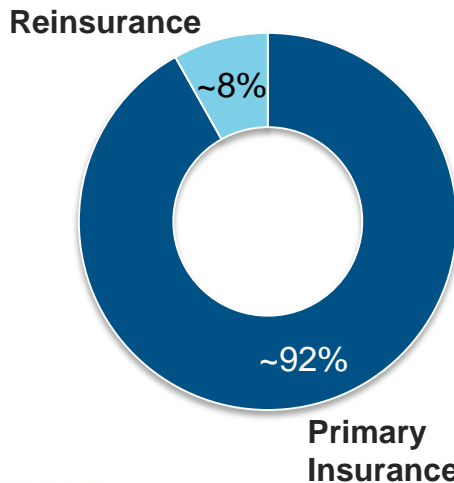
GWP by Segment



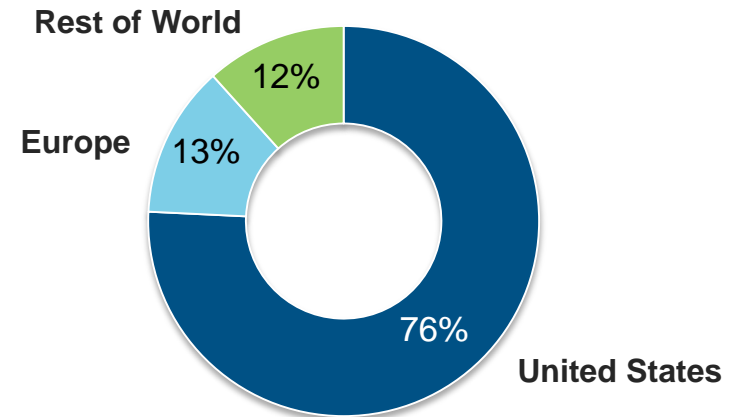
GWP by Product



GWP by Business Type



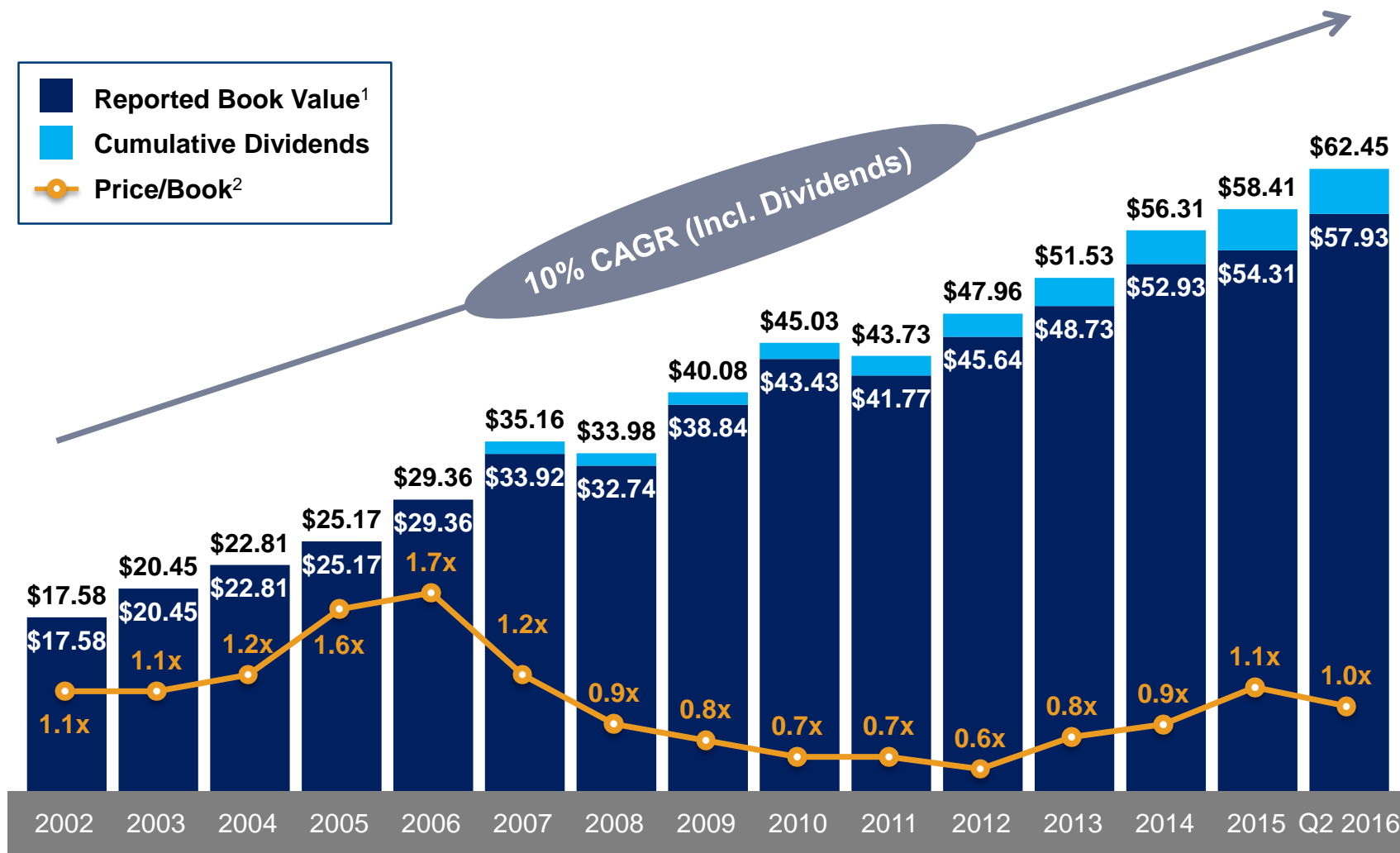
GWP by Geography



Multi-Channel Distribution Strategy

		<u>Retail Broker / Agent</u>	<u>General Agency</u>	<u>Wholesale Broker</u>	<u>Lloyd's Market</u>	<u>Reinsurance Broker</u>
Commercial Specialty	Rockwood	X				
	Argo Insurance	X				
	Trident	X				
	E&O	X		X		
	D&O	X		X		
	Surety	X		X		
	Commercial Programs	X				
Excess & Surplus Lines	Alteris		X			
	Contract		X			
	Transportation		X			
	Casualty			X		
	Environmental			X		
	Allied Medical	X		X		
	Specialty Property			X		
Syndicate 1200	Liability				X	
	Property				X	
	Aviation				X	
	Marine				X	
International Specialty	Excess Casualty	X		X		
	Professional Liability	X		X		
	Emerging Markets	X		X		
	Reinsurance					X

Maximizing Shareholder Value – BVPS Growth



(1) Book value per common share:

- Adjusted for June 2013, March 2015 and June 2016 stock dividend
- 2008-2011 restated to reflect adoption of ASU 2010-26 (related to accounting for costs associated with acquiring or renewing insurance contracts); 2007 and prior not restated
- 2006 and prior years adjusted for PXRE merger
- 2003-2006 includes impact of Series A Mandatory Convertible Preferred on an as-if converted basis. Preferred stock fully converted into common shares as of Dec. 31, 2007

(2) Price / book represents the high for the YTD period

Substantial Growth and Financial Strength

Scale (\$m)	2002	2006	TTM 2Q '16	'02-2Q'16 Factor
Gross Written Premiums	\$622.1	\$1,155.6	\$2,058.0	3.3x
Net Written Premiums	484.0	847.0	1,385.9	2.9x
Net Earned Premiums	378.4	813.0	1,381.1	3.6x

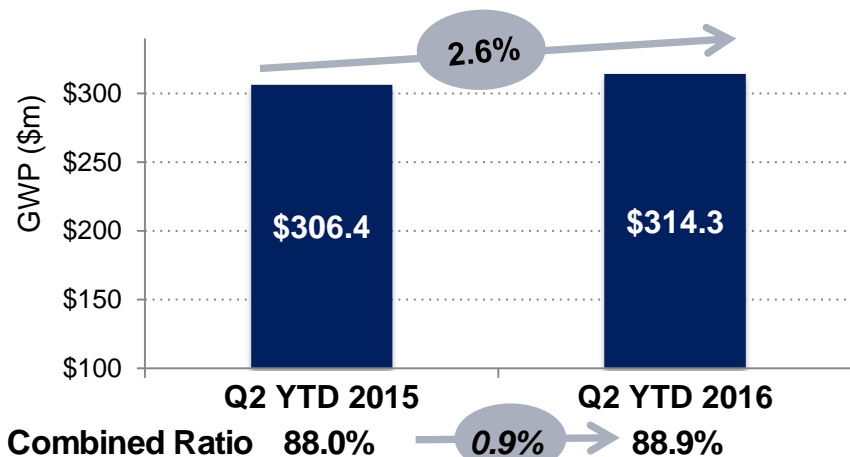
Financial Strength (\$m)	2002	2006	2Q '16	'02-2Q'16 Factor
Total Assets	\$2,208.9	\$3,721.5	\$6,960.8	3.2x
Total Investments	1,181.3	2,514.1	4,158.1	3.5x
Shareholder's Equity	327.7	847.7	1,740.3	5.3x
BVPS ¹	\$17.58	\$29.36	\$57.93	3.3x
Total Capital	\$327.7	\$992.0	\$2,109.5	6.4x
Debt+TRUPs / Total Capital	0.0%	14.5%	17.5%	
A.M. Best Rating	A	A	A	

(1) Book value per common share:
- Adjusted for June 2013, March 2015 and June 2016 stock dividend
- 2006 adjusted for PXRE merger and includes impact of Series A Mandatory Convertible Preferred on an as-if converted basis. Preferred stock fully converted into common shares as of Dec. 31, 2007

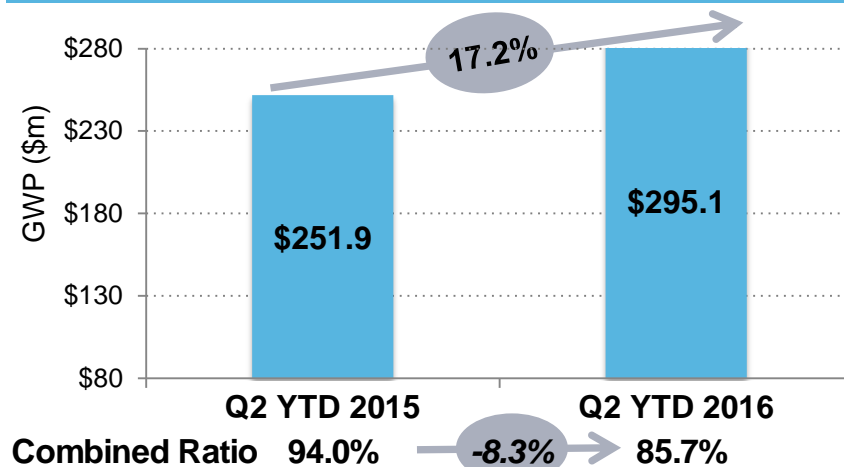
2Q YTD YoY Gross Written Premium & Combined Ratio

Consolidated GWP up 4.4% and Combined Ratio increased 0.3% in Q2 YTD 2016 vs. Q2 YTD 2015

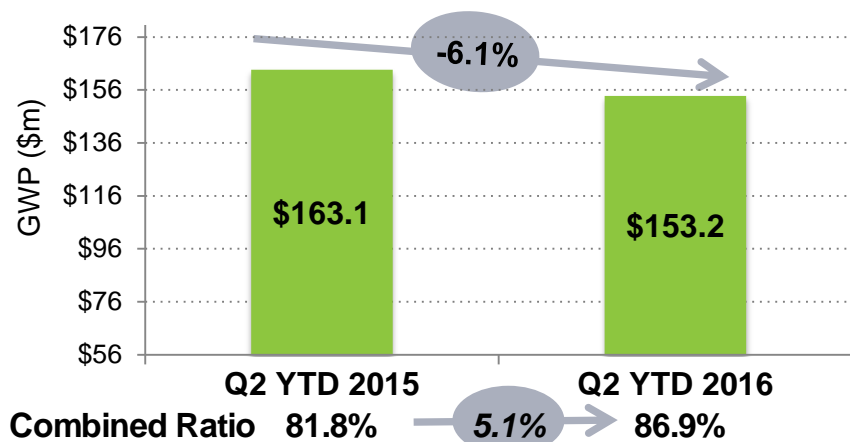
Excess & Surplus Lines



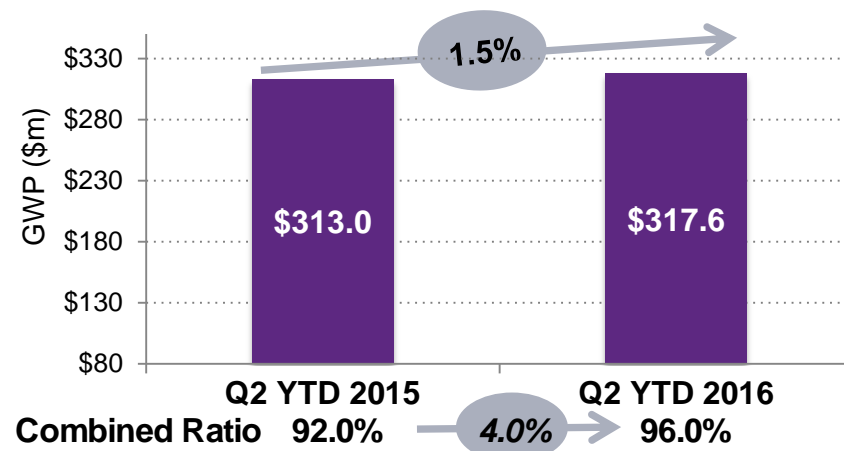
Commercial Specialty



International Specialty

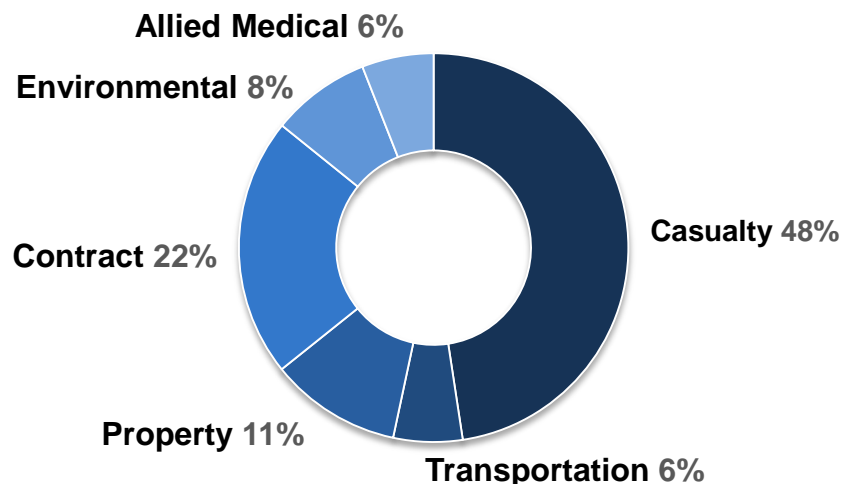


Syndicate 1200



Excess & Surplus Lines Segment *(28% of TTM GWP)*

GWP by Business Unit (TTM 6/30/16)

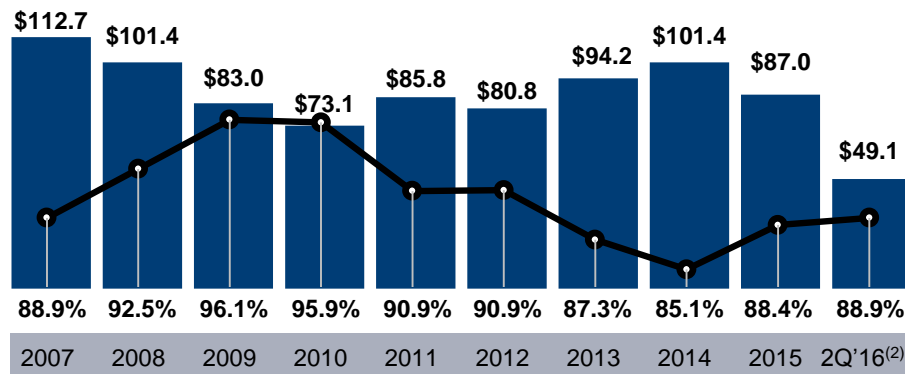


About Us

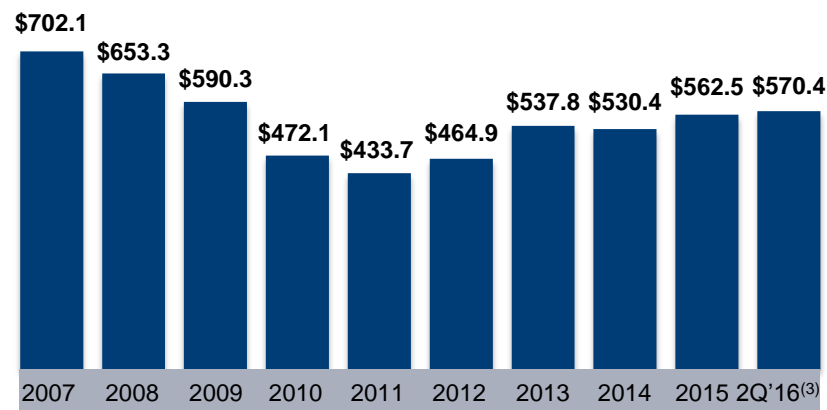
- Leader in U.S. Excess & Surplus Lines
- Strong relationships with national, local and regional wholesale brokers
- Seasoned U/W expertise is a competitive advantage
- Target all sizes of non-standard (hard-to-place) risks, with focus on small/medium accounts
- Underwrites on largely non-admitted basis and across all business enterprises via the Colony Specialty brand

PTOI⁽¹⁾ & Combined Ratio

● Combined Ratio
■ PTOI



Gross Written Premium



All data in millions except for ratio calculations. TTM = trailing twelve months. Reflects reclassification of Argo Pro from Excess & Surplus lines to Commercial Specialty.

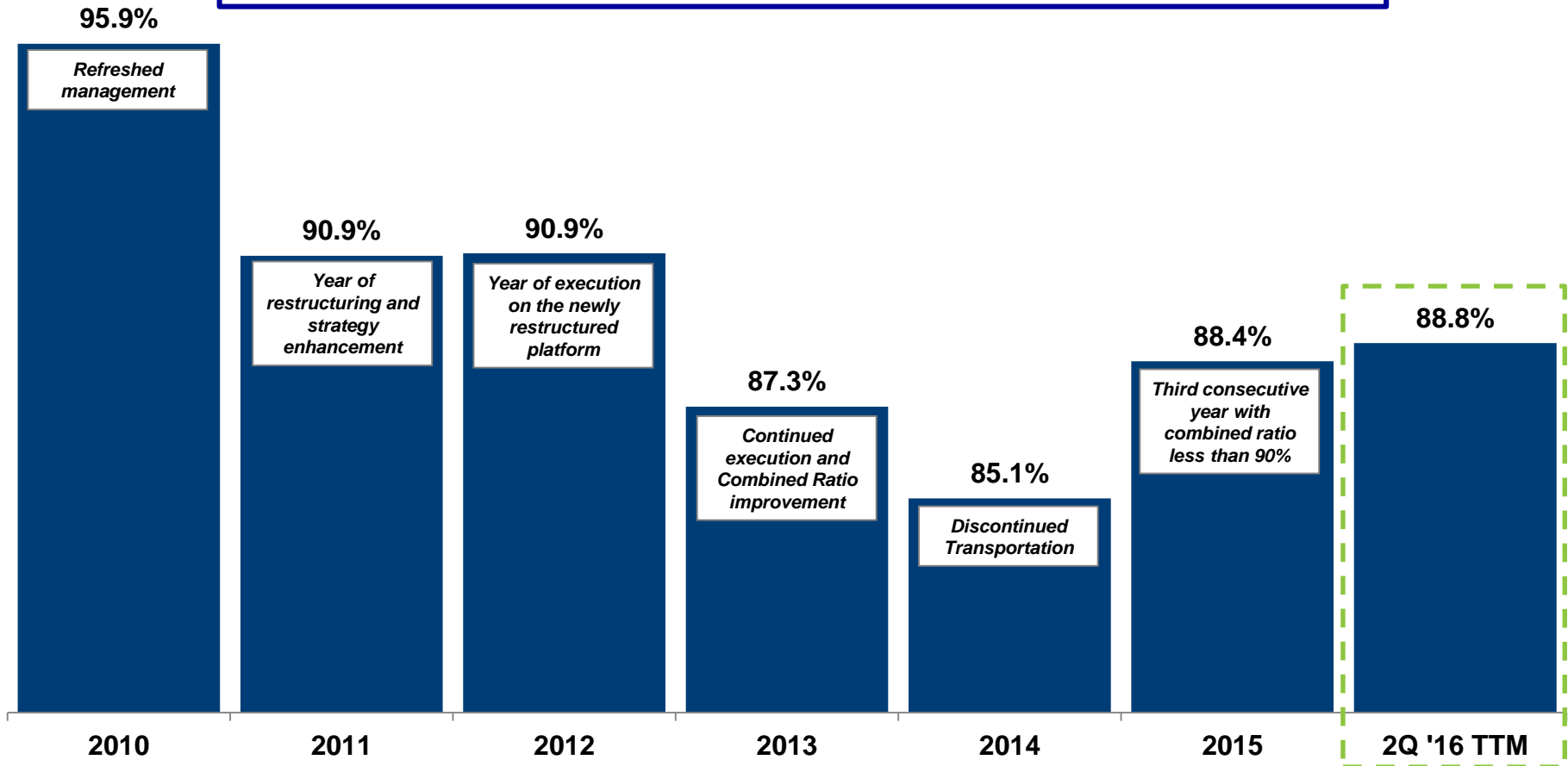
(1) PTOI = Pre-Tax Operating Income. Excludes interest expense.

(2) Data is based on year-to-date as of June 30, 2016.

(3) Data is based on trailing twelve months as of June 30, 2016.

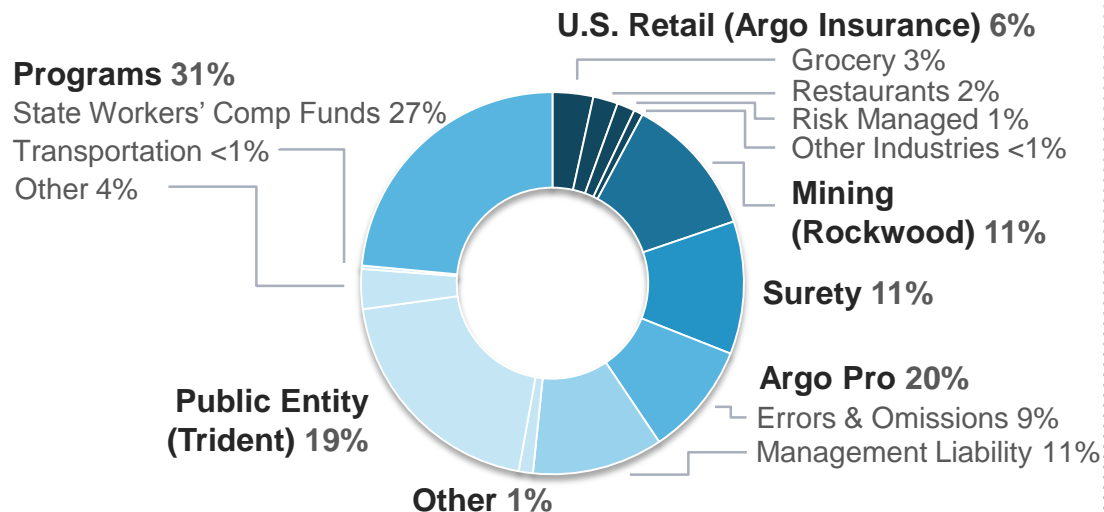
E&S Operating Platform Enhancement

Restructuring initiatives and strategy enhancement has enabled Argo to become an industry-leading E&S underwriter



Commercial Specialty Segment (30% of TTM GWP)

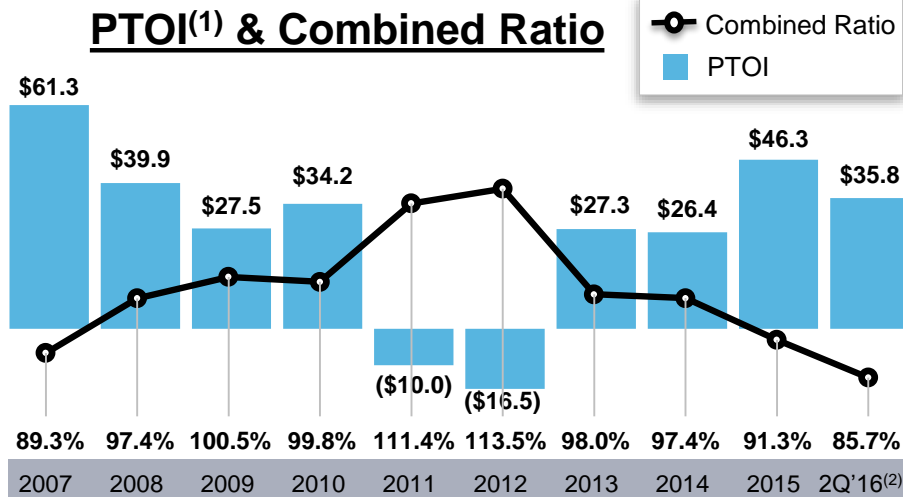
GWP by Business Unit (TTM 6/30/16)



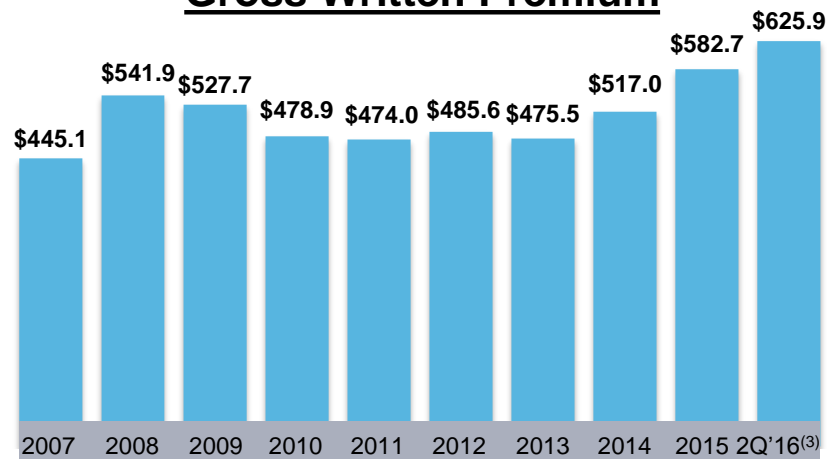
About Us

- Business primarily placed through retail distribution partners
- Argo Insurance – designs customized commercial insurance programs for retail grocery stores
- Trident – One of the largest specialty commercial insurance providers for small to middle market public-sector entities in the U.S.
- Rockwood – Leading provider of workers compensation for the coal mining industry
- Surety – Top 25 surety writer
- Programs – underwrites select specialty programs and provides fronting for State-sponsored funds
- Argo Pro – Innovative D&O and E&O specialty platform

PTOI⁽¹⁾ & Combined Ratio



Gross Written Premium



All data in millions except for ratio calculations. TTM = trailing twelve months.
Reflects reclassification of Argo Pro from Excess & Surplus lines to Commercial Specialty.

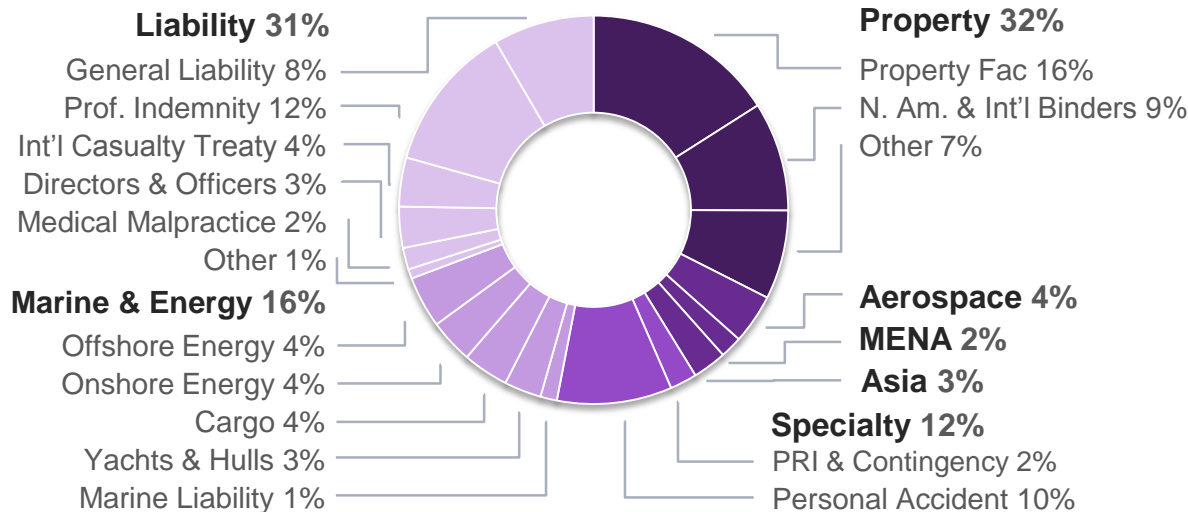
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Syndicate 1200 Segment (29% of TTM GWP)

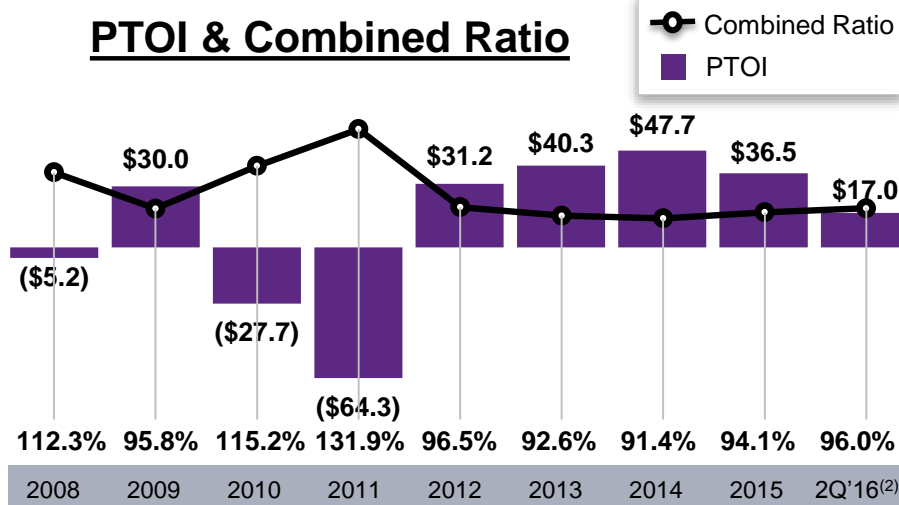
GWP by Business Unit (TTM 6/30/16)



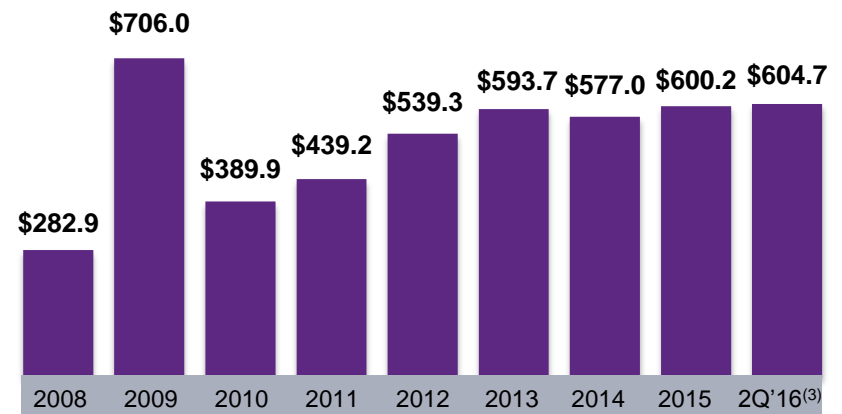
About Us

- Well-established multi-class platform at Lloyd's of London
- Ranks among the largest Syndicates at Lloyd's by Stamp Capacity
- Lloyd's market ratings:
 - 'A' (Excellent) by A.M. Best
 - 'A+' (Strong) by S&P
- Regional offices in Dubai, Singapore and China

PTOI & Combined Ratio



Gross Written Premium



All data in millions except for ratio calculations. TTM = trailing twelve months.

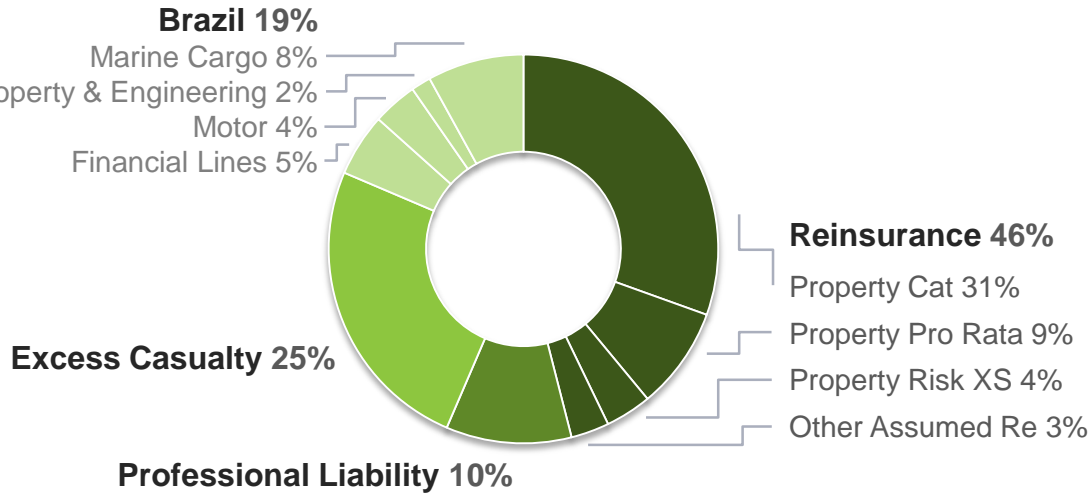
(1) PTOI = Pre-Tax Operating Income. Excludes interest expense.

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(3) Data is based on trailing twelve months as of June 30, 2016.

International Specialty Segment (12% of TTM GWP)

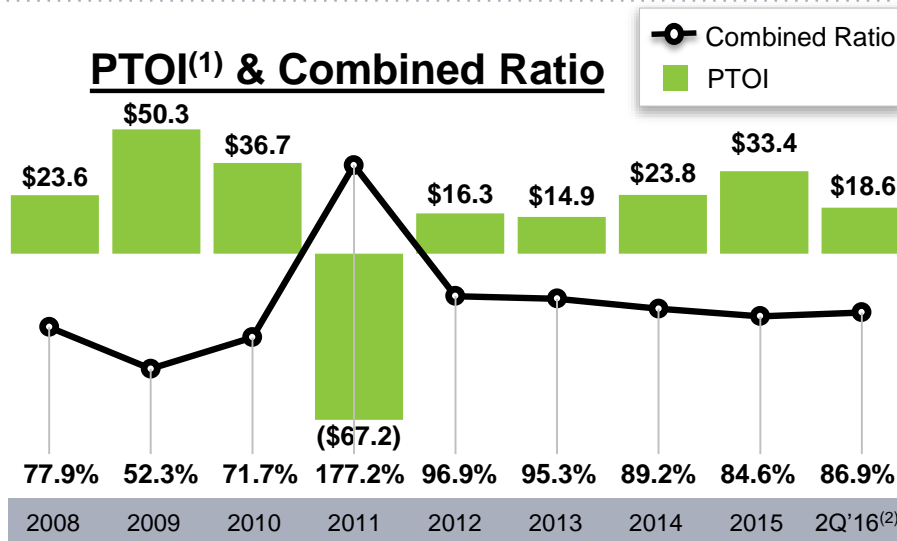
GWP by Business Unit (TTM 6/30/16)



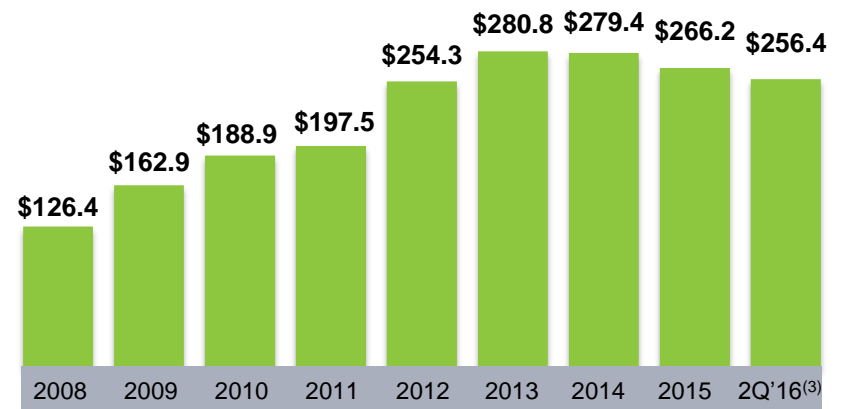
About Us

- **Bermuda team underwrites:**
 - Property cat, short tail per risk and proportional treaty reinsurance worldwide
 - Excess casualty and professional liability for Fortune 1000 accounts
- **Building diversity through international expansion:**
 - Established primary operations in Brazil
 - Established operations in Eurozone
- **Distributes through brokers**

PTOI⁽¹⁾ & Combined Ratio



Gross Written Premium



All data in millions except for ratio calculations. TTM = trailing twelve months.

(1) PTOI = Pre-Tax Operating Income. Excludes interest expense.

(2) Data is based on year-to-date as of June 30, 2016.

(3) Data is based on trailing twelve months as of June 30, 2016.

2Q 2016 Operating Results

	2Q 2016	2Q 2015	2Q 2016 YTD	2Q 2015 YTD
Gross Written Premiums	\$560.6	\$557.8	\$1,080.4	\$1,034.5
Net Written Premiums	388.0	411.6	691.4	707.6
Earned Premiums	344.9	346.0	689.8	680.6
Losses and Loss Adjustment Expenses	196.6	190.6	388.2	374.3
Underwriting, Acquisition and Insurance Expenses	133.0	139.5	265.6	269.1
Underwriting Income	\$15.3	\$15.9	\$36.0	\$37.2
Net Investment Income	35.7	24.4	56.9	50.1
Fee and other income (expense), net	0.1	(0.7)	0.4	(1.1)
Interest Expense	4.9	4.6	9.7	9.5
Operating Income	\$46.2	\$35.0	\$83.6	\$76.7
Net Realized Investment and Other Gains	(2.1)	2.7	(4.9)	13.8
Foreign Currency Exchange Gain (Loss)	(4.5)	(3.0)	(6.0)	6.6
Income Before Taxes	\$39.6	\$34.7	\$72.7	\$97.1
Income Tax Provision	8.7	6.8	14.1	10.4
Net Income	\$30.9	\$27.9	\$58.6	\$86.7
Operating Income per Common Share (Diluted)¹	\$1.20	\$0.89	\$2.16	\$1.95
Net Income per Common Share (Diluted)	\$1.00	\$0.89	\$1.89	\$2.76
Loss Ratio ²	57.0%	55.1%	56.3%	55.0%
Expense Ratio ³	38.6%	40.3%	38.5%	39.5%
Combined Ratio	95.6%	95.4%	94.8%	94.5%

All data in millions except for per share data and ratio calculations.

(1) Op income calculated using an assumed tax rate of 20%. Share count adjusted for June 2016 stock dividend

(2) Defined as Losses and Loss Adjustment Expenses / Earned Premiums.

(3) Defined as Underwriting, Acquisition and Insurance Expenses / Earned Premiums.

Conservative Investment Strategy

As of June 30, 2016

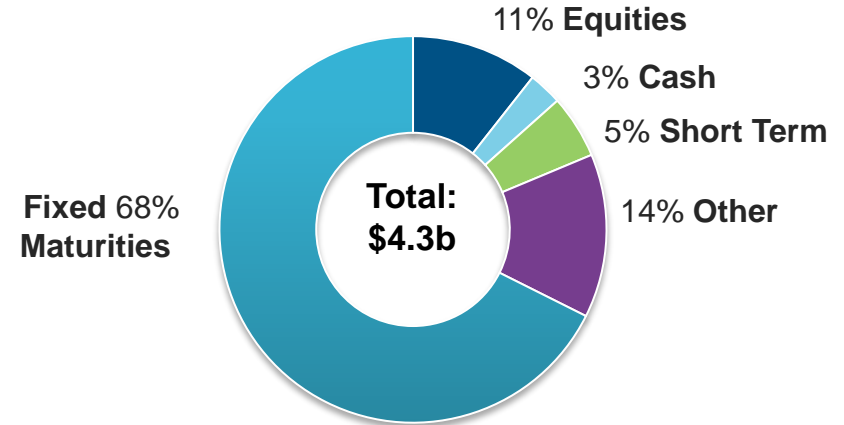
Portfolio Characteristics

- Duration of 2.2 years
- Average rating of 'A1/A+'
- Book yield of 2.6%*
- Very liquid
- Conservatively managed

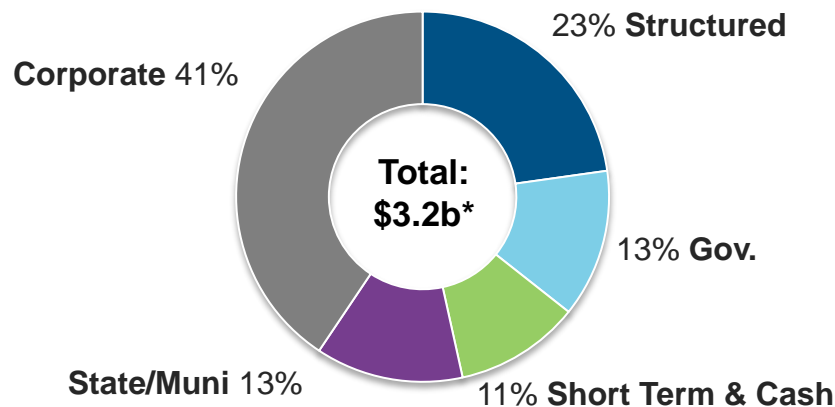
*Book yield is pre-tax & includes all fixed maturities

*Duration includes cash & equivalents

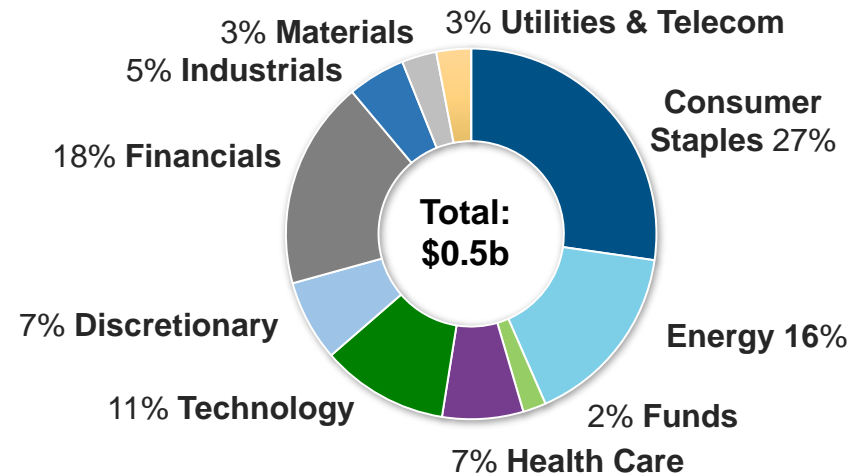
Asset Allocation



Fixed Maturities by Type



Equity Investments by Sector



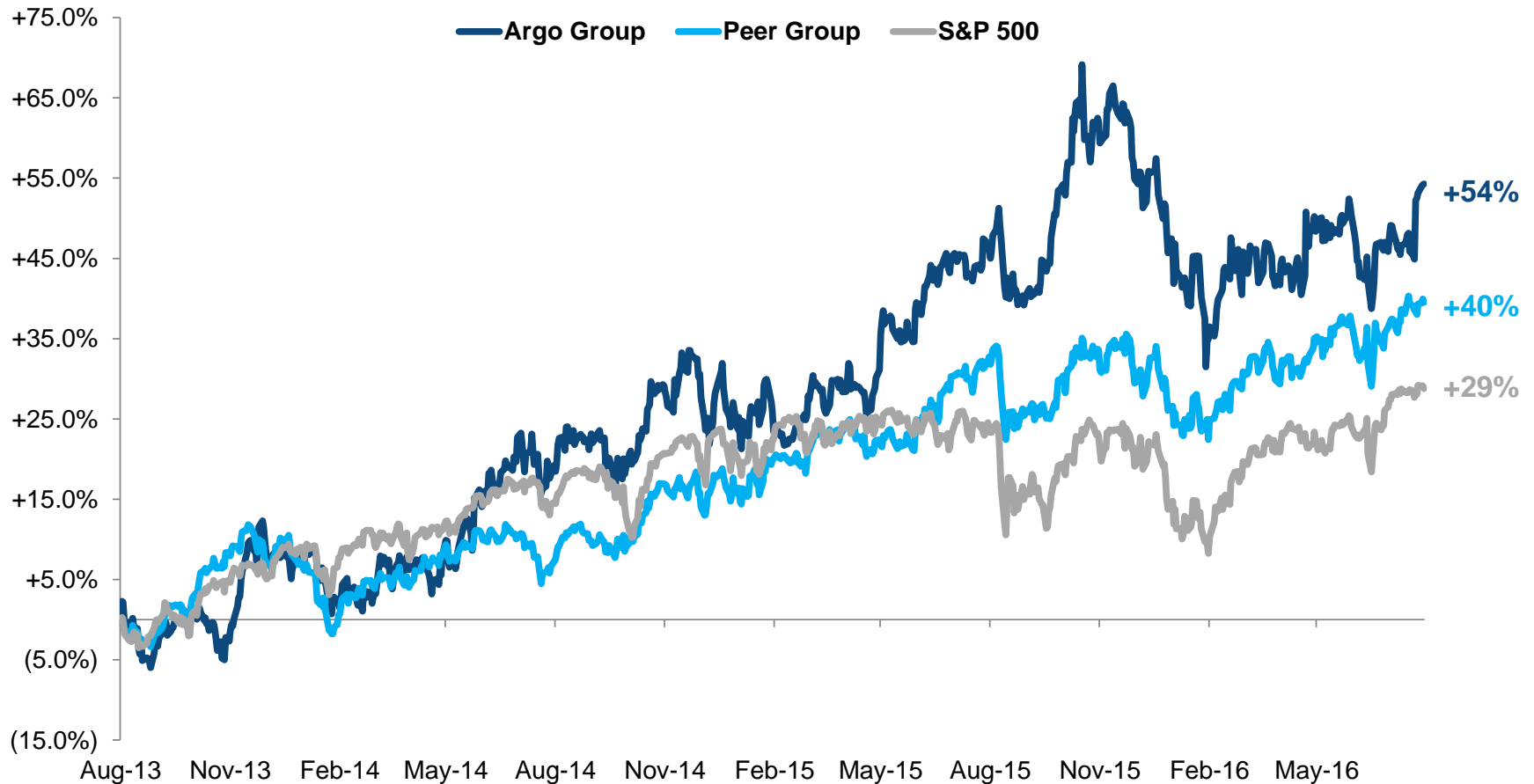
*\$2.9 billion in fixed maturities, \$0.3 billion in short term & cash

Active Capital Management

Through share repurchases and dividends, we have returned \$475 million of capital and repurchased 32% of shares outstanding from 2010 through 2Q 2016

	2010	2011	2012	2013	2014	2015	Q2 YTD 2016	2010-Q2'16 Total
Total Shares Outstanding	31,206,796	31,285,469	31,384,271	34,066,889	34,318,224	37,105,922	39,942,416	
Less: Treasury Shares	3,363,560	4,971,305	6,459,613	7,558,345	8,606,489	9,181,644	9,900,239	
Net Shares	27,843,236	26,314,164	24,924,658	26,508,544	25,711,735	27,924,278	30,042,177	
Shares Repurchased	3,217,561	1,607,745	1,488,308	1,098,732	1,048,144	575,155	718,595	9,754,240
<i>As % of Beg. Net Shares</i>	10%	6%	6%	4%	4%	2%	3%	32%
Avg. Repurchase Price per Share	\$33.05	\$30.69	\$29.89	\$42.32	\$48.45	\$51.55	\$55.64	\$37.50
Total Repurchased (\$m)	\$105.2	\$49.5	\$44.2	\$46.5	\$50.8	\$29.7	\$40.0	\$365.8
Dividends per Share	\$0.48	\$0.48	\$0.48	\$0.60	\$0.69	\$0.82	\$0.22	\$3.99
Dividend Payments (\$m)	\$14.2	\$13.1	\$12.3	\$15.8	\$18.2	\$22.7	\$13.0	\$109.3
Repurchases + Dividends (\$m)	\$119.4	\$62.6	\$56.5	\$62.3	\$68.9	\$52.4	\$53.0	\$475.1

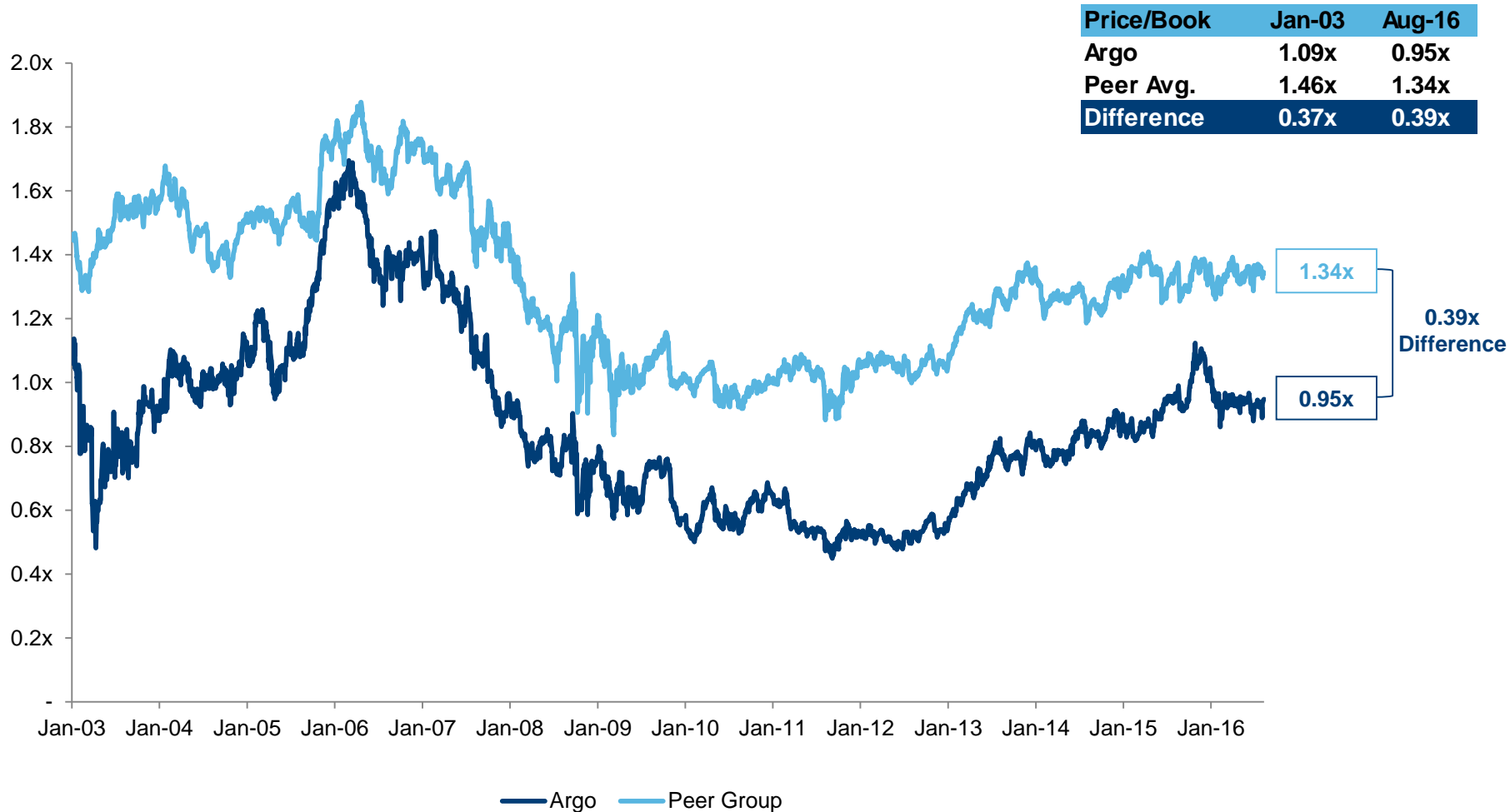
Stock Price Performance – Last 3 Years



Source: SNL Financial (as of 08/10/16).

Note: Peer Group consists of: Allied World, American Financial, Arch Capital, Aspen, AXIS Capital, Endurance, Global Indemnity, Markel, Navigators, OneBeacon, RLI Corp, Selective Group, W.R. Berkley.

Compelling Valuation vs. Peer Group



Source: SNL Financial (as of 08/10/16).

Note: Price to book is average price/book across all peer companies based on latest reported book value. Peer Group consists of: Allied World, American Financial, Arch Capital, Aspen, AXIS Capital, Endurance, Global Indemnity, Markel, Navigators, OneBeacon, RLI Corp, Selective Group, W.R. Berkley.

Well Positioned for Value Creation in 2016 and Beyond

We believe that Argo Group has potential to generate substantial value for new and existing investors

Operations

- Significant changes to premium composition completed
- Results of underwriting initiatives evident in financials
- Continue to employ and attract some of the best talent in the industry
- Incremental yield improvements can have a favorable impact on ROE

Capital

- Moderate financial leverage
- Strong balance sheet with adequate reserves and excellent asset quality

Valuation

- Compelling investment case
- Stock trading at a discount to peers
- Upside potential as past and ongoing efforts continue