

## Risk Factors Comparison 2025-03-04 to 2024-03-12 Form: 10-K

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Described below are certain risks and uncertainties that we believe are applicable to our business and the industry in which we operate, and some of which are beyond our control. The following factors are not the only risks and uncertainties we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect us. You should carefully read the following risks as well as the cautionary statements referred to in "Cautionary Statement Regarding Forward- Looking Statements" herein. If any of the risks and uncertainties described below or elsewhere in this Annual Report actually occur, our business, financial condition or results of operations could be materially **and** adversely affected, the trading price of our securities could decline, and you might lose all or part of your investment. Risk Factors Summary Our business is subject to numerous risks and uncertainties of which you should be aware. Among others, these risks relate to: • our ability to attract and retain Members and compete effectively within our industry; • our dependence on a limited number of insurance distribution and underwriting carrier partners; • our ability to prevent, monitor and detect fraudulent activity; • our reliance on a **limited number of payment processing services**; • **our reliance on a highly skilled and diverse management team and**, workforce, **and a unique culture**; • our ability to successfully execute and integrate future acquisitions, partnerships and investments; • issues with our technology platforms and our ability to anticipate or prevent cyberattacks; • the limited operating history of some **or of** our membership **and marketplace** products and **services, as well as** the success of any new insurance programs and products we offer **; • our reliance on a limited number of payment processing services**; • our susceptibility to inflation, interest rate, and foreign currency exchange rate fluctuations; • our ability to continue to develop, implement, and maintain the confidentiality of our proprietary technology and prevent the misappropriation of our data **; • the cyclical nature of the insurance business and our dependence on our ability to collect vehicle usage and driving data**; • compliance with the numerous laws and regulations applicable to our business, including state, federal and foreign laws relating to insurance and rate increases, privacy, the internet, accounting matters, tax, and economic sanctions; • unexpected increases in the frequency or severity of claims, including increases caused by catastrophic events; • **compliance with the numerous laws and regulations applicable to our business, including state, federal and foreign laws relating to insurance and rate increases, privacy and cybersecurity, marketing and advertising, digital services, accounting matters, tax, anti- money laundering and economic sanctions**; • **the cyclical nature of the insurance business and our dependence on our ability to collect vehicle usage and driving data**; • **the ability or unwillingness of** our reinsurers **to may not** pay claims on a timely basis, or at all, which may materially adversely affect our business, financial condition, and results of operations; • unexpected changes in the interpretation of our coverage or provisions, including loss limitations and exclusions **, in the insurance policies we sell and service**; • **our ability to realize the anticipated benefits from the growth and integration of our marketplace offerings with our other businesses**; • significant fluctuations in the collector car market and asset values **, which** may materially impact our ability to obtain and sell consigned property within our **Marketplace marketplace** business; • **the fact that** ~~• whether investors or securities analysts view our stock structure unfavorably, particularly our dual- class structure;~~ • Hagerty Holding Corp. (" HHC") controls us, and its interests may conflict with ours or yours in the future; • **the fact that** we are a " controlled company" within the meaning of the NYSE listing requirements, as a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements; • **whether investors or securities analysts view our stock structure unfavorably, particularly our dual- class structure**; • **the fact that the price of our securities may be volatile or may decline regardless of our operating performance**; and • **the fact that our common stock, including trading price declines from missed earnings guidance, trading volatility, lack of dividends, and anti- takeover provisions in our governing** our only material asset is our interest in **THG The Hagerty Group**, and, accordingly, we will depend on distributions from **THG The Hagerty Group** to pay our taxes, including payments under the Tax Receivable Agreement (" TRA") **; • whether investors or securities analysts.....- takeover provisions in our governing documents**. Risks Related to Our Business We have experienced significant Member growth over the past several years, and our continued business and revenue growth are dependent on our ability to continuously attract and retain Members and we cannot be sure we will be successful in these efforts, or that Member retention levels will not materially decline. **If We believe that the continued growth of our business depends in part upon our ability to: (i) retain our existing Members; (ii) add new Members in our current markets, as well as new geographic markets; (iii) add new insurance programs and products; and (iv) continue to grow our offering of non- insurance automotive enthusiast- related products. Increasing our Member count, expanding into new geographic markets, and introducing new product and service offerings may be time- consuming and expensive. In addition, if existing Members and** consumers do not perceive our ~~service~~ offerings to be of value, including if we introduce new or adjust existing features ~~, adjust pricing,~~ coverage or service offerings, or change the mix of offerings in a manner that is not favorably received by consumers, we may not be able to **retain existing Members or** attract **new and retain** Members. We may **also**, from time to time, adjust ~~the~~ pricing or the pricing model itself, which may not be well received by **Members or** consumers, and which may result in **cancelled existing Members canceling their membership memberships or** obtaining services from a competitor and may result in fewer new Members joining our programs. In addition, many **Many** of our Members are referred to us ~~by through word- of- mouth from~~ existing Members. If our efforts to satisfy our existing Members are not successful, we may not be able to attract new Members, and as a result, our ability to ~~maintain and /- or~~ grow our business will be adversely affected. ~~A~~ **Similarly, a** large percentage of our revenues are derived from ~~sales through~~ direct- to- consumer sales, including through digital channels. If we fail to meet consumer expectations for the Member experience

through digital or other sales channels, our growth may be impacted through the loss of existing Members or inability to attract new Members. **A significant loss of Members could lead to higher loss ratios or declining revenue; either of which would adversely impact our profitability. If we are unable to remain competitive on Member experience, pricing, or insurance coverage options, our ability to grow and retain our business may also be adversely affected. In addition, we might not be able to accurately predict risk segmentation of new and renewal Members or potential Members, which could also reduce our profitability.** A large percentage of our products and services are distributed through a few relationships and the loss of business provided by any one of them could have an adverse effect on us. In addition to our direct sales efforts and independent channels, we market our insurance products through several insurance distribution partners. For the year ended December 31, ~~2023~~ **2024**, approximately ~~16~~ **15** % of our commission revenues were attributable to four distribution partner marketing relationships. For two of these distribution partners, we have long- term arrangements, one of which has an expiration date in 2029 and the other in 2030. The other relationships have shorter durations. Upon expiration or termination of these agreements, these partners may decide not to continue to distribute our products and services or may be unwilling to do so on terms acceptable to us. If we are not successful in maintaining existing relationships and ~~in~~ continuing to expand our distribution relationships, or if we encounter regulatory, technological, or other impediments to delivering our **products and** services to Members through these relationships, our ability to retain Members and grow our business could be adversely impacted. In addition, the broker / agent relationships with many of the partners we work with may change and their own internal strategy about how products are marketed may change, and, where we do not have exclusivity, we face competition by providers who seek to build or strengthen the relationships without distribution partners, which could cause a loss of focus on or exposure to our products and services, adversely impacting new sales. We may not be able to prevent, monitor, or detect fraudulent activity, including transactions with insurance policies or payments of claims as well as transactions through our ~~Marketplace~~ **marketplace** business. If we fail to maintain adequate systems and processes to prevent, monitor, and detect fraud, including employee fraud, agent fraud, fraudulent policy acquisitions, vendor fraud, buyer or seller marketplace sales fraud, **or** fraudulent claims activity, ~~or if an inadvertent error occurs because of human or system error~~, our business could be materially adversely impacted. Fraud schemes have become increasingly more sophisticated and are ever evolving into different avenues of fraudulent activity. While we believe that any past incidents of fraudulent activity have been relatively isolated, we cannot be certain that our systems and processes will always be adequate **to detect such activity** as fraudulent activity and schemes continue to evolve. Our employees are required to take anti- fraud training, and we use a variety of tools to protect against fraud, but the trainings and these tools may not always be successful at preventing fraud. Instances of fraud may result in increased costs, including possible settlement and litigation expenses, **higher deductibles and increased corporate insurance premiums**, and could have a material adverse effect on our business and reputation. In addition, failure to monitor and detect fraud and otherwise comply with state Special Investigation Unit requirements can result in regulatory fines or penalties. We rely on the expertise of our Chief Executive Officer, ~~senior management team~~, and other key employees. If we are unable to attract, retain, or motivate key personnel, our business may be severely impacted. Our success depends on the ability to attract, retain, and motivate a highly skilled and diverse management team and workforce. Our Chief Executive Officer is well known and respected in our industry. He is an integral part of our brand and his departure would likely create difficulty with respect to both the perception and execution of our business. Additionally, the loss of ~~a member of~~ **key personnel within** our senior management **and Broad Arrow team teams**, ~~specialized insurance experts or key personnel~~ might significantly delay or prevent the achievement of our strategic business objectives and could harm our business. We rely on a small number of ~~highly~~ **highly** specialized ~~insurance~~ experts, the loss of any one of whom could have a disproportionate impact on our business. Our compensation arrangements, such as our equity award programs, may not always be successful in attracting new employees and retaining and motivating our existing employees. Moreover, if and when our equity awards are substantially vested, employees under such equity arrangements may be more likely to leave, particularly if the underlying shares have seen a significant appreciation in value. Our inability to ensure that we have the depth and breadth of management and personnel with the necessary skills and experience could impede our ability to deliver growth objectives and execute our operational strategy. As we continue to expand and grow, we will need to promote or hire additional staff, and it may be difficult to attract or retain such individuals in a timely manner and without incurring significant additional costs. If we are not able to integrate new team members or if they do not perform adequately, our business may be harmed. Our unique culture has contributed to our success, and if we are not able to maintain this culture in the future, our business could be harmed. Our culture supports a high level of employee engagement, which translates into a service model that produces a high level of Member satisfaction and retention. We face a number of challenges that may affect our ability to sustain our culture, including: • failure to identify, attract, reward, and retain people in leadership positions in our organization who share and further our culture, values, and mission; • the size and geographic diversity of our workforce and our ability to promote a uniform and consistent culture across all our offices and employees working remotely; • competitive pressures to move in directions that may divert us from our mission, vision, and values; • the continued challenges of a rapidly evolving industry; and • the increasing need to develop expertise in new areas of business needed to execute our growth plans and strategy. If we are not successful in instilling our culture in new employees, or maintaining our culture as we grow, our operations may be disrupted, and our financial performance may suffer. Our future growth and profitability may be affected by new entrants into the market or current competitors developing preferred offerings. Our business is rapidly growing and evolving, and we have many competitors across our different offerings. The markets in which we operate are highly competitive and we may not continue to compete effectively within our industry. We face competition from large, well- capitalized national and international companies, including other insurance providers, technology companies, automotive media companies, automotive auction and marketplace providers, other well- financed companies seeking new opportunities, or new competitors with technological or other innovations. Many of our competitors have substantial resources, experienced management, **and** strong marketing, underwriting, and pricing capabilities. Because collector

auto insurance constitutes a significant portion of our overall business, we may be more sensitive than other providers of insurance to, and more adversely affected by, trends that could decrease auto insurance rates or reduce demand **or distribution channels** for auto insurance over time, such as industry advances in mileage- based or usage- based insurance offerings, **departures by some insurers from certain states that are prone to natural disasters**, changes in vehicle technology, autonomous or semi- autonomous vehicles, or vehicle sharing arrangements. In addition, there are limited barriers to entry in the automotive lifestyle business. Accordingly, more established brands with significantly more resources may compete against us in the automotive lifestyle business in the future. If we are unable to compete effectively, we may not be able to grow our business and our financial condition and results of operations may be adversely affected. **As a result of a number of factors, including increasing competition, negative brand or reputational impact, changes in geographic mix or product mix, and the continued expansion of our business into a variety of new areas, we may not be able to continue to grow our revenues at a high rate or at all. We may also experience a decline in our revenue growth rate as our revenues increase to higher levels. Our revenue growth may be impacted if there is a deceleration or decline in demand for our products and services due to changing market dynamics or demographic shifts.** Future acquisitions or investments contain inherent strategic, execution, and compliance risks that could disrupt our business and harm our financial condition. We **have recently completed strategic acquisitions, including Broad Arrow in August 2022 and Drivers Edge in September 2024. In the future, we** may pursue **additional acquisitions or investments** (whether for service offerings, technology, or product offerings, or for other external uses) may not achieve **their intended purpose or** the desired return sought. These **Worse, our** acquisitions or **and** investments may also result in unforeseen liabilities or, expenses, such as higher than expected costs due to market competition, regulatory approval requirements, delays in implementation, lost opportunities that could have been pursued with cash being used, litigation or **negative consequences** regulatory enforcement post- acquisition or investment, **including** contingent liabilities, **high** implementation **cost-costs**, misalignment of culture, **burdensome regulatory requirements** loss of technology through theft or trade secrets exchanged, loss of key partners / vendors, currency exchange rate for foreign investment, timing within overall economic environment, carrying costs, and tax liabilities. **Additionally, the risks and distraction of senior management** from future **pursuing more profitable strategic objectives. If we are unable to effectively execute and integrate strategic acquisitions or and make profitable investments, we may not be able to grow** could result in impairment charges against goodwill and intangible assets or **our business and** increases in the liabilities on our **financial condition and Consolidated Balance Sheets, as well as missed earnings results.** **We of operations** may be **adversely affected. Like others in our industry, we are** subject to cyberattacks, and our reliance on third party providers for technology and service **mean-means** our operations could be disrupted due to the lack of resiliency in the operations of other companies, or a breach in their obligations to us, and could impair the operability of our website and other technology- based operations. Cyberattacks, denial- of- service attacks, ransomware attacks, business email compromises, computer malware, viruses, social engineering (including phishing) and other malicious internet- based activity are prevalent in our industry and such attacks continue to increase **with frequency, levels of sophistication, and persistence**. We **also** utilize third- party providers to host, transmit, or otherwise process electronic data in connection with our business activities. We **and /** or our vendors and business partners may experience attacks, unavailable systems, unauthorized access, or disclosure due to **employee or other** theft or misuse, denial- of- service attacks, sophisticated attacks by nation- state and nation- state supported actors, and advanced persistent threat intrusions. Despite our efforts to ensure the security, privacy, integrity, confidentiality, availability, and authenticity of information technology networks and systems, processing and information, we may not be able to anticipate, or to implement, preventive and remedial measures effective against all data security and privacy threats. The recovery systems, security protocols, network protection mechanisms, and other security measures that we have integrated into our systems, networks, and physical facilities, may not be adequate to prevent or detect service interruption, system failure, data loss or theft, or other material adverse consequences. **No security solution, strategy, or measures can address all possible security threats or block all methods of penetrating a network or otherwise perpetrating a security incident. The risk of unauthorized circumvention of our security measures, or those of our third- party providers, clients, and partners has been heightened by advances in computer and software capabilities and the increasing sophistication of hackers who employ complex techniques, including without limitation, the theft or misuse of personal and financial information, counterfeiting, " phishing" or social engineering incidents, ransomware, extortion, publicly announcing security breaches, account takeover attacks, denial or degradation of service attacks, malware, fraudulent payment, and identity theft. In 2021, we experienced an unauthorized access into our online insurance quote feature whereby attackers used personal information already in their possession to obtain additional consumer data, including driver's license numbers. While none of our systems or databases were compromised or significantly disrupted as part of this incident and the costs associated with the incident and our remediation efforts were not material, we could be subject to litigation or regulatory enforcement actions. In 2023, the Company accrued an estimated liability related to this incident based on the facts known by management and developed through its assessment of the current status of ongoing dialog with the regulatory investigators. The amount of the estimated liability is not material to our Consolidated Financial Statements, though any actual fines, penalties, or settlements may differ from our estimates and the amounts accrued. Any regulatory enforcement actions, such as the inquiry related to unauthorized access into our online quote feature described in the section titled 2021 Data Security Incident within Note 25 — Commitments and Contingencies in Item 8 of Part II of this Annual Report,** or future cyberattacks on our systems, could **result in** cause irreparable harm to our reputation **reputational damage** and lead **/ or** our current and prospective Members **away from to stop** using our services. Further, we may be required to expend significant financial and operational resources in response to a security breach, **including repairing system damage, increasing security protection costs by deploying additional personnel and protection technologies, and defending against and resolving legal and regulatory claims, all of which could be costly and divert resources and the attention of our management and key personnel away from our business**

operations. **Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.** Some of our membership **and marketplace** products **and services** are newer and have limited operating history, which makes it difficult to forecast operating results. We may not show profitability from these newer products as quickly as we anticipate or at all. The success of new product and service introductions depends on a number of factors, including timely and successful development, market acceptance, our ability to manage the risks associated with new product production ramp-up issues, the availability of application software for new products **and services**, the effective management of purchase commitments and vendor relationships in line with anticipated product demand, the availability of products in appropriate quantities and at expected costs to meet anticipated demand, and the risk that new products and services may have quality or other defects or deficiencies. Accordingly, we cannot determine in advance the ultimate effect of new product and service introductions and transitions. If our new products or services are not well received, or if we are unable to introduce them in a cost-effective manner, we may not be able to realize a profit on those products and services and may, in fact, recognize losses for some time. This could have an adverse effect on our financial condition and results of operations. We are subject to payment processing risks which could adversely affect our results of operations. We currently rely on a limited number of payment processing services, including the processing of payments from credit cards and debit cards, and our business would be disrupted if any of the vendors become unwilling or unable to provide these services to us, and we are unable to find a suitable replacement on a timely basis. If we or our processing vendors fail to maintain adequate systems for the authorization and processing of credit card transactions, it could cause one or more of the major credit card companies to disallow our continued use of their payment products. In addition, if these systems fail to work properly and, as a result, we do not charge our customers' credit cards on a timely basis, or at all, our business, financial condition and results of operations could be harmed. The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly more sophisticated, seeking to obtain unauthorized access to, or exploit weaknesses that may exist in the payment systems. There are potential legal, contractual, and regulatory risks if we are not able to properly process payments. If we are unable to comply with applicable rules or requirements for the payment methods that we accept, or if payment-related data is compromised due to **an a cybersecurity** incident or a breach, we may be liable for significant costs incurred by payment card issuing banks and other third parties, subject to fines and higher transaction fees, subject to potential litigation or enforcement action, or our ability to accept or facilitate certain types of payments may be impaired. In addition, our customers could lose confidence in certain payment types, which may result in a shift to other payment types or potential changes to our payment systems that may result in higher costs. If we fail to adequately control fraudulent credit card transactions, we could face civil liability, diminished public perception of our security measures, and significantly higher credit card-related costs, each of which could harm our business, financial condition and results of operations. Rising inflation and interest rates may affect demand for our products and services. Global economic conditions, including **elevated increases in** inflation and interest rates, have resulted in uncertainty in consumer discretionary spending, **employment unemployment** rate fluctuations and overall volatility in the financial markets. These unfavorable economic conditions **have led, and in the future** may lead to consumers to reduce their spending on collectible cars and related services, which in turn could lead to a decrease in the demand for our products and services. Our sensitivity to economic cycles and any related fluctuation in consumer demand may have a material adverse effect on our business, results of operations, and financial condition. Rising interest rates increase our cost of borrowing and could adversely affect our results of operations. **The Although the** Federal Reserve Board **lowered significantly increased** the federal funds rate **by in 2023 and an while it has aggregate of 75 basis points in 2024 and** indicated that rates are expected to decrease **further in 2024 2025**, there is no certainty how significant, if any, such rate cuts will be. A sustained elevated interest rate environment will have a corresponding impact to our costs of borrowing and may have an adverse impact on our ability to raise funds through the offering of our securities or through the issuance of debt due to higher debt capital costs, diminished credit availability, and less favorable equity markets. Any significant **additional** federal fund rate increases may have a material adverse effect on our business, financial condition, **and results of operations.** As we continue to grow operations in different geographic locations, **additional risk related to foreign currencies may have an impact on revenue and our results of operations.** We have foreign operations, and in some instances, collect from customers in foreign currencies. The exchange rates we use to consolidate our foreign entities may be less favorable to us than the actual exchange rates used to convert the funds into U.S. dollars. These foreign exchange risks could have a material negative impact on our financial condition and results of operations. Our technology platforms may not function properly, which might subject us to loss of business and revenue, breach of contractual obligations, and place us out of compliance with state and federal rules and regulations. We utilize numerous technology platforms throughout our business for various functions, including to gather Member data **in order to determine whether or not to write and how to price and administer** our insurance products, **including platforms for to process many of our claims management**, to issue and service our membership products, and to provide valuation services, **and transact live and digital auctions**. We use proprietary artificial intelligence algorithms in certain circumstances within our underwriting processes for efficiency. Our technology platforms **require continued development and** are expensive and complex. The continuous development, maintenance, and operation of our technology platforms may entail unforeseen difficulties, including material performance problems or undetected defects or errors. We may encounter technical obstacles, and it is possible that we may discover additional problems that prevent our technology from operating properly. If our platforms do not function reliably, we may incorrectly **select underwrite our or** Members, bill our Members, price insurance products, or **incorrectly pay or deny** insurance claims made by our Members. These errors could result in inadequate insurance premiums **paid collected** relative to claims made, resulting in increased financial losses. These errors could also cause Member dissatisfaction with us, which could cause Members to cancel or fail to renew their insurance policies with us or make it less likely that prospective Members obtain new insurance policies from us. Additionally, technology platform errors may lead to unintentional bias and discrimination in the underwriting process, which could subject us to legal or regulatory liability and harm our brand and reputation. **If material**

performance, defects, or errors persist we may be forced to terminate our technology agreements and incur substantial additional costs transitioning to alternative solutions. Any of these eventualities could result in a material adverse effect on our business, financial condition and results of operations. Our future success depends on the our ability to continue to develop and implement technology to transform or replace legacy technology, and to maintain the security and confidentiality of this our legacy technology, each in compliance with evolving privacy and cybersecurity laws. Our future success depends on us keeping pace with technological advances for interacting with our ability Members. New technology is complex, expensive, and requires an ongoing commitment of significant resources to implement. While we are implementing new technology, we must also continue to develop, implement, and maintain the security and confidentiality of our proprietary legacy technology in compliance with complex evolving privacy and cybersecurity laws. Changes to existing laws, their interpretation or implementation, or the introduction of new laws could impede our the use of this our legacy technology and / or require that we disclose our or proprietary the implementation of new technology to. If we are delayed our or competitors, which unable to effectively update our technology or implement new technology it could result in systemic inefficiencies, negatively impact our competitive position and result in a material adverse effect on our business, financial condition and results of operations. We rely on internet and mobile technologies and applications to market our products and services. Any future legal or regulatory requirements impacting these our internet and mobile technologies and applications, or that restricts restrict our ability to market, advertise, transact, and collect or use personal data, may impact how we interact with our Members and prospective Members, and could potentially have an adverse effect on our business, financial condition, and results of operations. We rely in part on the internet and mobile technologies and applications to execute our business strategy. We are subject to domestic and international laws and regulations governing our marketing and advertising activity and sale transactions both offline and online through the internet and mobile technologies and applications, including the collection (i) how personal data can be collected, used, use, shared, retention, transferred, stored, or otherwise processed (" Privacy Laws"), (ii) cybersecurity and data security obligations, transfer, disclosure, and (iii) protections relating to our marketing and advertising activities (together other processing of person information with Privacy Laws, " Internet Laws") . Existing and future Internet Laws laws, regulations, and consumer expectations may impede our use of the internet and mobile technologies and applications to interact with current and future Members and to effectively market, advertise, and sell our products and services. In particular, complex an and evolving increasing number of Privacy privacy Laws laws regulate our ability to use personal data for targeted or cross- context behavioral advertising, and may as well as give individuals the ability to opt out of such advertising. It is possible that (i) the Internet Laws or general business laws and regulations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. As ; (ii) as new Internet Laws laws, regulations, and consumer expectations are adopted, our compliance obligations may increase ; (iii) government Government bodies regulatory authorities may interpret and amend their Internet Laws laws and regulations and may require us to incur substantial costs to comply, and we may be penalized or precluded from carrying on our current activities ; (iv) . At the same time, we may be subject to individual or class action claims by plaintiffs using both new and pre- existing Internet Laws laws based on new technologies, some of which are part of our sales and marketing efforts ; and ; (v) . We cannot be sure that our practices have not historically complied, do not currently comply, or will not fully comply in the future with all Internet such Laws laws and regulations. Any failure, or perceived failure, by us to comply with any Internet of these Laws laws or regulations could result in : (i) damage to our reputation, including consumer trust, (ii) a loss in business potentially leading to lower revenue and Member growth, and ; (iii) proceedings or actions against us by governmental entities or private litigants including, for example, the 2021 Data Security Incident referenced in within Note 24-25 — Commitments and Contingencies in Item 8 of Part II of this Annual Report ; (iv) . Any such proceeding or action could hurt our reputation, force us to incur significant additional expense and time in defending regulatory proceedings or legal actions ; (v) , and may result in the imposition of monetary liability ; (vi) . Court or regulatory orders may also demand the disgorgement of personal data and any algorithms trained on, or products or services derived from, such personal data ; (vii) regulatory Regulatory proceedings or legal actions could distracting distract our management ; ; (viii) increased increase our cost of doing business, and ; (ix) decreased decrease use of our mobile applications or websites by current and future Members ; (x) . We may also be contractual contractually liability liable to indemnify and hold harmless third parties from the costs or consequences of non- compliance with the Internet any such Laws laws, regulations, or our contractual obligations . In addition, our insurance coverage relating to any damages or expenses may not be sufficient to compensate for the liabilities we may incur . Any legal or regulatory requirements that restrict how we interact with our Members and future Members, or our actual or perceived failure to comply with Internet Laws, could have a material adverse effect on our business, financial condition and results of operations. We may not be able to prevent or address the misappropriation of Hagerty- owned data. From time to time, third parties may misappropriate our data through website scraping, bots, or other means and aggregate this data on their websites with data from other companies. In addition, copycat websites or mobile apps may misappropriate data and attempt to imitate our brand or the functionality of our website or our mobile app. If we become aware of such websites or mobile apps, we intend to employ technological or legal measures in an attempt to halt their operations. However, we may be unable to detect all such websites or mobile apps in a timely manner and, even if detected we could, technological and legal measures may be insufficient to halt their operations. In some cases, particularly in the case of websites operating outside of the U. S., our available remedies may not be adequate to protect us against the effect of the operation of such websites or mobile apps. Regardless of whether we can successfully enforce our rights against the operators of these websites or mobile apps, any measures that we may take could require us to expend significant financial or other resources, which could harm our business, financial condition, or results of operations. In addition, to the extent that such activity creates confusion among consumers or advertisers, our brand and business could be harmed.

**Performance of our investment portfolio is subject to a variety of investment risks that may adversely affect our**

financial results. Our results of operations depend, in part, on the performance of our investment portfolio. We seek to hold a portfolio of investments in accordance with our investment policy, which is routinely reviewed by our Investment Committee. Historically, our investment portfolio was primarily invested in cash and cash equivalents and fixed maturity securities consisting solely of Canadian Sovereign, Provincial, and Municipal bonds. However, during the second quarter of 2024, we diversified our investment portfolio by opening positions in higher- yield fixed maturity securities, including principally corporate bonds, U. S. Treasury securities, and mortgage- backed securities, as well as, to a lesser extent, equity securities. Our investments in fixed maturity securities and equity securities are carried on our balance sheet at fair market value and are subject to potential losses and declines in market value. The primary market risk to our investment portfolio is interest rate risk associated with our investments in fixed maturity securities. Fluctuations in interest rates have a direct effect on the market valuation of these securities. When market interest rates increase, the fair value of our fixed maturity securities decreases. Conversely, as interest rates decrease, the fair value of our fixed maturity securities increases. The value of our investment portfolio is also subject to the risk that certain investments in fixed maturity securities may default or become impaired due to deterioration in the financial condition of one or more issuers of the securities we hold, or due to deterioration in the financial condition of an insurer that guarantees an issuer's payments on such investments. Downgrades in the credit ratings of fixed maturity securities also have a significant negative effect on the market value of such securities. Each of the foregoing factors could reduce our net investment income and / or result in realized investment losses. We cannot be certain that our investment objectives will be achieved, and results may vary substantially over time. In addition, although we seek to employ investment strategies that are not correlated with our insurance and reinsurance exposures, losses in our investment portfolio may occur at the same time as underwriting losses and, therefore, exacerbate the adverse effect of the losses on us. Changes in the law and social attitudes towards petroleum- powered vehicles may make ownership of collector vehicles less desirable, leading to a decline in demand for our products and services. Changing Changes to the law, governmental policies, consumer preferences, and social attitude attitudes toward options such as electric in favor of new vehicle technology and growing environmental concerns, may discourage the sale, use, and enjoyment of petroleum- powered vehicles and / which may in turn reduce the need or desire or for autonomous driving could have a material impact many of our products and services, leading to lost revenue and lower profits and the inability to deliver on our business purpose in an impactful manner. The traditional business model of car sales is starting to be complemented by a range of diverse, on- demand mobility solutions, especially in dense urban environments that proactively discourage private- car use. This shift, along with a significant rise in the annual growth of car sharing members and autonomous and electric vehicles, and legislative efforts to reduce carbon emissions, in the markets we currently conduct business, could have a trickle- down effect to the collector car space and create a drop in demand for our products and services, which could have a material adverse effect on our business, financial condition and results of operations. An inadequate strategy Our day- to- day operations create transactions address and respond to issues of diversity, equity events, and inclusion conditions that may give rise to the need for accounting estimates to be recognized or disclosed in our Consolidated Financial Statements. There is a risk that these estimates are incorrect, which could leave have a material adverse effect on our results of operations and / or financial condition for accounting purposes. The preparation of our financial statements requires us to make insufficiently prepared for significant cultural shifts judgements, assumptions, and estimates that materially affecting affect the amounts reported in our Consolidated Financial Statements. If these judgments, assumptions, our or marketplace and may create estimates prove to be incorrect, it could have a negative material adverse effect on our results of operations brand and / image, leading to the alienation of our or financial condition employees and clients. Companies must achieve diversity if We have identified several accounting estimates as being " critical" to the fair presentation of our financial condition and results of operations because they involve major aspects of our want to acquire and retain talent, build employee engagement, and improve business performance. Diversity, equity, and inclusion have been shown to drive higher innovation, enhanced job performance, less employee turnover, and greater profits. If there is not a focus on developing a cohesive strategy to create a sense of belonging with clear and impactful diversity, equity, and inclusion initiatives, we could potentially put ourselves in a position where our brand and require us and / or sales are impacted as a result of a failure to make judgments create a successful strategy. Performance of our investment portfolio is subject to a variety of investments risks that may adversely affect our financial results. Our results of operations depend, in part, on the performance of our investment portfolio. We seek to hold a portfolio of investments in accordance with our investment policy and routinely reviewed by our Investment Committee. The significant majority of our investment portfolio is invested in cash and cash equivalents and fixed maturity securities. This portfolio mix may change over time if we elect to diversify our holdings into other asset classes. In recent years, interest rates have been at or near historic lows, however, throughout 2023, interest rates have steadily risen. Should the recent rate increases ease or decline, including as a result of steps taken by the federal government to slow inflation, such as the passage of the Inflation Reduction Act of 2022, a low interest rate environment would continue to place pressure on our net investment income, particularly as it relates to these securities and short- term investments, which, in turn, may adversely affect our operating results. Recent and future increases in interest rates could cause the values of our fixed income securities portfolios to decline, with the magnitude of the decline depending on the duration of securities included in our portfolio and the amount by which interest rates increase. Risks for all types of securities are managed through the application of our investment policy, which establishes investment parameters that include, but about matters are not limited to, maximum percentages of investment in certain types of securities and minimum levels of credit quality. We cannot be certain that our investment objectives will be achieved, and results may vary substantially over time. In addition, although we seek to employ investment strategies that are not correlated inherently uncertain. Refer to the section entitled " Critical Accounting Estimates" with within Item 7 our insurance and reinsurance exposures, losses in our investment portfolio may occur at the same time as underwriting losses and,

therefore, exacerbate the adverse effect of the losses on us **Part II of this Annual Report for additional information**. We may require additional capital in the future, which may not be available or may only be available on unfavorable terms. ~~We, and we~~ may also encounter difficulty in obtaining funds to meet our commitments. We are exposed to credit risk, or liquidity risk, through our banking partners. If we were to experience operating losses and are not able to generate additional liquidity through a capital raise or other cash infusion, we may need to secure additional sources of funds, which may or may not be available. Additionally, a failure to generate additional liquidity could negatively impact our ability to operate our business. **The revolving borrowing period provided by the primary credit facility agreement that supports the lending business of BAC is scheduled to expire in December 2025. To the extent that we are unable to extend or replace this credit agreement on terms favorable to us, we may not be able to finance certain transactions that would otherwise be profitable to us and our expected growth and profitability could be adversely impacted.** To the extent that cash flows generated by our operations are insufficient to fund future operating requirements, or that our capital position is adversely impacted by a decline in the fair value of our investment portfolio, losses from catastrophic events or otherwise, we may need to raise additional funds. We also may be required to liquidate fixed maturity securities, which may result in realized investment losses. Any further sources of capital, including capacity needed for letters of credit, if available at all, may be on terms that are unfavorable to us. Our access to additional sources of capital will depend on a variety of factors, such as market conditions, the general availability of credit, the availability of credit to the industries in which we operate, our financial condition, results of operations, credit ratings and credit capacity, as well as pending litigation or regulatory investigations. Our ability to borrow under our revolving credit facilities and letter of credit facilities is contingent on our compliance with the covenants and other requirements under those facilities. Similarly, our access to capital may be impaired if regulatory authorities or rating agencies take negative actions against us. Additionally, to reduce the risk of a bank failure, we engage only with high-quality counterparties with high credit ratings. Our inability to obtain adequate capital when needed could have a negative impact on our ability to invest in, or take advantage of opportunities to expand our businesses, such as possible acquisitions or the creation of new ventures, and inhibit our ability to refinance our existing indebtedness on terms acceptable to us. Any of these ~~effects~~ **factors** could have a material adverse effect on our financial condition and results of operations. Our ~~day~~ **estimates of market opportunity and forecasts of market growth may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at a similar rate, if at all. Market opportunity estimates and growth forecasts, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Not every owner of collector cars or enthusiast vehicles, which underlie our market opportunity estimates, will necessarily purchase insurance from us or similar products in the near-term or at all to-day** operations create transactions, events, and some or many of these owners may choose to continue using insurance products offered by our competitors. It is impossible to have ~~and~~ **an conditions insurance product that satisfies every potential customer, and our competitors may give rise to offer coverage terms or the other need features that we do not provide. In presenting our total addressable market, we are not making any claim that we can realistically serve that market. The variables used in the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of owners of collector cars or enthusiast vehicles will generate any particular level of revenue for accounting us, if any. Even if the market in which we compete meets our size estimates to be recognized and growth forecasts, or our business** disclosed in the financial statements. There is a risk that these estimates are incorrect, which could ~~fail to grow~~ have a material adverse effect on our results of operations and / or financial condition for **a variety** accounting purposes. The preparation of ~~reasons outside~~ our financial statements requires us to make estimates and assumptions affecting the reported amounts of our assets, liabilities, revenues and expenses. If these estimates or ~~our control~~ assumptions are incorrect, **including competition in** it could have a material adverse effect on our results of operations and / or **our industry, customer preferences** financial condition. We have identified several accounting estimates as being "critical" to the fair presentation of our ~~or~~ financial condition and results of operations because they ~~the other risks set forth in~~ involve major aspects of our business and require us to make judgments about matters that are inherently uncertain. Refer to "Critical Accounting Estimates" within Item 7 of Part II of this Annual Report for additional information **and other documents we file with the SEC from time to time. If any of these risks materialize, it could harm our business and prospects**. Risks Related to Our Insurance Products and Services The insurance products that we develop and sell for our underwriting carriers are subject to regulatory approval, and we may incur significant expenses in connection with the development and filing of new products before revenue is generated from new products. The insurance products that we develop and sell require regulatory approvals in each respective jurisdiction. ~~This product development and filing cycle can take time.~~ The product development and filing process can be challenging and expensive. The process can also be ~~delayed~~ **time-consuming**, given the unknown timelines in which insurance departments might take to review and approve filings. Questions and objections from insurance departments ~~can~~ **may** also delay the product **approval and** launch ~~date~~. Moreover, ~~there could be an inability to obtain regulatory approval on a product filing~~ **may be disapproved**. The nature of the product development and filing cycles may cause us to experience delays between the time we incur expenses associated with research and development and the time we generate revenues, if any, from ~~the~~ new products. If we spend a significant amount of resources on research and development, and our efforts do not lead to the successful introduction or improvement of products that are competitive in the marketplace, this could materially and adversely affect our business and results of operations. Additionally, there could be a change in the anticipated Member demand for a product we are developing before the product is released. Member demand could decrease after the development cycle has begun. A decrease in Member demand for a new or improved product could cause us to fall short of our sales targets, and we might not be able to avoid the substantial costs associated with the product ~~'s~~ development or improvement. If we are unable to complete product development and filing cycles successfully, in a timely manner, that meets Member demand for new or improved products, and generate revenues from these future products, the growth of our business could be harmed. **We** As an

MGA, we operate in a highly regulated environment for our insurance product distribution and face risks associated with compliance requirements, some of which cause us to make judgment judgments calls that could have an adverse effect on us. The insurance industry in which we operate is subject to extensive regulation. We are subject to regulation and supervision both federally and in each applicable local state or provincial jurisdiction. In general, these regulations are designed to protect Members, policyholders, and insureds, and to protect the integrity of the financial markets, rather than to protect stockholders or creditors. Our ability to conduct business in these jurisdictions depends on our compliance with the rules and regulations promulgated by federal and state or provincial regulatory bodies and other regulatory authorities. Maintaining compliance with rules and regulations is often complex and challenging, and it sometimes requires us to make determinations that require judgments regarding uncertain issues that ultimately may be resolved differently than we have determined, which could have an adverse effect on us. Unexpected increases in the frequency or severity of claims may adversely affect our operations and financial condition. We may experience increases in claim frequency on occasion. Short-term trends with an increase in claim frequency may not continue over the longer term. Any changes in claim frequency might be derived from changes in miles driven, driving behaviors, macroeconomics, weather-related events, or other factors. A significant increase in claim frequency could have an adverse effect on our financial condition and results of operations. We could also experience increases in the severity of claims. Changes in bodily injury claim severity can be impacted by inflation in medical costs, litigation trends and precedents, regulation, and the overall safety of automobile travel. Changes in auto property damage claim severity can be driven by inflation in the cost to repair vehicles, including parts and labor rates, the mix of vehicles that are declared total losses, the availability of parts to repair vehicles, and an increase in value for collector vehicles. Unanticipated increases in claim severity can arise from events that are inherently difficult to predict. Although we pursue various loss management initiatives to mitigate future increases in claim severity, these initiatives may not successfully identify or reduce the effect of future increases in claim severity. A significant increase in claim severity could have an adverse effect on our financial condition and results of operations. Severe weather events, catastrophes, and unnatural events are unpredictable, and we may experience losses or disruptions from these events. Our business may be exposed to catastrophic events such as tornadoes, tsunamis, tropical storms (including hurricanes), earthquakes, windstorms, hailstorms, severe thunderstorms, wildfires and other fires, as well as non-natural events such as explosions, riots, pandemics, terrorism, or war, which could cause operating results to vary significantly from one period to the next. We may incur Member insurance claims from severe weather events, and catastrophe losses in our business in excess of: (i) those experienced in prior years; (ii) the average expected level used in pricing; (iii) current reinsurance coverage limits; or (iv) loss estimates from external tornado, hail, hurricane, and earthquake models at various levels of probability. In addition, we are subject to Member insurance claims arising from weather events such as winter storms, rain, hail, and high winds. There is generally an increase in the frequency and severity of Member insurance claims when severe weather conditions occur. The incidence and severity of severe weather conditions and catastrophes are inherently unpredictable and the occurrence of one catastrophe does not render the possibility of another catastrophe greater or lower. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. In particular, severe weather and other catastrophes could significantly increase our costs due to a surge in claims following such events and / or legal and regulatory changes in response to catastrophes that may impair our ability to limit our liability under our policies. Severe weather conditions and catastrophes can cause greater losses, which can cause our liquidity and financial condition to deteriorate. Climate Environmental change changes, including shifts in temperatures and weather patterns, may affect the occurrence of certain natural events, such as an increase in the frequency or severity of wind and thunderstorm events, eruptions of volcanoes, and tornado or hailstorm events due to increased convection in the atmosphere; more frequent wildfires and subsequent landslides in certain geographies; higher incidence of deluge flooding and the potential for an increase in severity of the hurricane events due to higher sea surface temperatures. Additionally Consequently, climate change changes in the frequency or severity of those events may cause an impact on the demand, price and availability of insurance, as well as the value of our investment portfolio. Due to significant variability associated with environmental changes future changing climate conditions, we are unable to predict the impact these types of events will have on our business. We may not be able to adapt effectively and timely to any changes in law. A failure to comply with regulatory requirements, or changes in regulatory requirements or interpretations, can result in actions by regulators, potentially leading to penalties and enforcement actions, and in extreme cases, revocation of an authority to do business in one or more jurisdictions. This could result in adverse publicity and potential damage to our brand and reputation in the marketplace. In addition, we could face lawsuits by Members and other parties for alleged violations of these laws and regulations. State insurance Insurance laws regulators and other governmental bodies are grant granted supervisory agencies, including state insurance departments, broad administrative authority. Canadian, Bermuda, and U. K. insurance regulators and, in the supervision U. S., state insurance regulators and the National Association of Insurance Commissioners continually review existing laws and regulations regulation, some of which affect our business. These supervisory agencies regulate many aspects of the insurance business, including the licensing of our insurance operations, brokers and agents and other insurance intermediaries, the handling of third-party funds held in a fiduciary capacity, and trade practices, such as marketing, advertising, and compensation arrangements entered into by insurance brokers and agents. Additionally, Individuals who engage in the National solicitation Association, negotiation, or sale of Insurance Commissioners supports the states' regulators by continually reviewing, or provide certain other insurance services, generally are required to be licensed individually. Insurance laws and regulations, govern whether licensees may share commissions with unlicensed entities and individuals setting industry standards and best practices. We believe that generally our insurance operations any payments we make to third parties are in compliance with applicable laws. However, should any regulatory agency take a contrary position and prevail, we will be required to change the manner in which we operate pay fees to individuals and entities we may be subject to penalties and other enforcement actions up to, and including, license suspension for or revocation

placing insurance policies through us. Regulatory review or the issuance of interpretations of existing laws and regulations may result in the enactment of new **or amended** laws and regulations that could adversely affect our operations or our ability to conduct business profitably. It is difficult to predict whether, and to what degree, changes resulting from new laws and regulations will affect the industry or our business. ~~We~~ **Our MGAs** do business with a limited number of key underwriting carrier partners in our insurance markets, and we may not be able to find suitable replacements for our existing carriers. ~~We~~ **Our MGA subsidiaries** work with a limited number of carriers in the U. S., Canada, and the U. K. ~~for to offer~~ our personal lines insurance products, and there is a risk that if one or more of the carriers becomes impaired or terminates its relationship with us that our profitability may be adversely affected. If a carrier partner relationship terminates or there is loss of strategic support or alignment, we may be unable to transition to a new relationship without disruption, increased cost, lost profits, or lost market share, or a combination of the foregoing. We derive a large portion of our revenue from commissions and quota share reinsurance on the sale of personal lines insurance products in the U. S. primarily through our **exclusive MGA relationship** ~~relationships~~ with Essentia **and State Farm**, in Canada through our **exclusive MGA** relationship with Aviva's Canadian subsidiary, Elite Insurance Company, and in the U. K., through our **MGA** relationship with Aviva. If these carriers were to experience liquidity problems or other financial (such as rating agency downgrades) or operational difficulties, we could encounter business disruptions as a result, and our results of operations may suffer. Our ~~contracts~~ **alliance agreements** with each of Markel and State Farm ~~, regarding the State Farm Classic program,~~ contain provisions that allow those partners to terminate our agreements with them at any time upon the occurrence of a change of control ~~. One of including, for example, if HHC ceases to own~~ the events triggering **majority of our voting shares. Accordingly, if we experience** a change of control would occur if the Hagerty family ceases to own shares representing a majority of our voting power. ~~Accordingly, if we experience a change of control, including as a result of the Hagerty family's sale of a sufficient number of shares to result in their controlling less than a majority of their voting power,~~ we could lose our agreements with one or both of these partners, which could have a material adverse effect on our business, operations and financial results. A regulatory environment that requires rate increases to be approved and that can dictate underwriting and pricing and mandate participation in loss sharing arrangements may adversely affect our financial condition and results of operations. Political events and positions can affect the insurance market on occasion, including efforts to reduce rates to a level that may prevent us from being profitable or may not allow us to reach our goals. If the loss ratio for the insurance programs that we administer is favorable to that of the industry, regulatory authorities could impose rate restrictions, require payment of premium refunds to policyholders, or could challenge or delay efforts to raise rates. Rate changes may be required for us to achieve our ~~goals related to~~ **profitability and return on equity objectives**. ~~If we were to experience challenges~~ **Challenges in predicting when or if rate changes will be approved or delays** in obtaining approvals for rate changes **impact** ~~that could limit us in reaching our targeted~~ **ability to meet our profitability goals and profitability in the time desired**. For example, certain states have enacted laws that require an insurer conducting business in that state to participate in assigned risk plans, reinsurance facilities, and joint underwriting associations **where rates may be restricted**. Certain states also require insurers to offer coverage to all consumers, often restricting an insurer's ability to charge the price it might otherwise charge. Laws and regulations of many states also limit an insurer's ability to withdraw from one or more lines of insurance ~~there,~~ except pursuant to a plan that is approved by the state insurance department. This limitation can prolong and provide additional challenges for **executing on** strategic business plans related to conversions, transfers, and book rolls. ~~Our~~ **Although we are not an insurer** ~~insurance operations,~~ **our** business, financial condition or results of operations could be adversely affected by any of these factors ~~, as they are applicable to the insurance programs we administer.~~ The underwriting companies that we work with, and our insurance agencies, are periodically subject to examinations and audits by insurance regulators, which could result in adverse findings, enforcement actions, require payments of fines or penalties, and necessitate remedial actions. In the U. S., our insurance agencies operate as an MGA for **both** Essentia and also **operate in this capacity for** State Farm Classic Insurance Company **for in order to service** **servicing** the State Farm Classic program. Essentia is ~~currently~~ domiciled in Missouri and has a classic auto insurance program in all 50 United States, plus the District of Columbia. We operate as the MGA for the Essentia program in all 51 jurisdictions. We also operate a similar auto insurance program in Canada ~~(, underwritten by Elite Insurance Company ),~~ and in the U. K. ~~(, where the program is underwritten by Aviva ).~~ **Both** ~~Additionally, under its license as a Class 3A insurer,~~ Hagerty Re **and Drivers Edge** must meet and maintain ~~the relevant solvency margin, and liquidity,~~ and other ratios **under** applicable ~~under Bermuda law and their~~ **respective licensing**. Hagerty Re's license limits it to accepting only business produced through our MGA **subsidiaries** that is underwritten by **our subsidiaries or** carriers rated A- or better by A. M. Best or similar rating agency. Insurance regulators periodically subject the underwriting companies that we work with to ~~conduct~~ audits and examinations to assess compliance with applicable laws and regulations, financial condition, and the conduct of regulated activities. These examinations and audits may be conducted during a jurisdiction's normal review cycle, or because of a targeted investigation. Our insurance agencies can also be subject to regulatory audits and exams. A formal examination or audit provides insurance regulators with a significant opportunity to review and scrutinize the underwriting companies we work with, the insurance programs we administer, and our operations. As a result of an examination or an audit, an insurance regulator could determine that an underwriting company's financial condition or capital resources are less than satisfactory. An insurance regulator could also determine that there are other aspects of either the underwriting company or our operations that are less than satisfactory, or that either us or the underwriting company that we work with are in violation of applicable laws or regulations. These types of examination or audit findings could lead an insurance regulator to require either us or the underwriting company that we work with to take one or more remedial actions or otherwise subject us to regulatory scrutiny ~~, or impose fines and penalties,~~ **or** ~~or take further actions~~. We cannot predict with precision the likelihood, nature, or extent, including the associated costs, of any necessary remedial actions, or any financial impact that could result from an examination or audit. Any regulatory or enforcement action or any regulatory order imposing remedial, injunctive, or other corrective action against us or any of the

underwriting companies we work with resulting from these examinations or audits could have a material adverse effect on our business, reputation, financial condition and results of operations. We rely on external data and our digital platform to collect and evaluate information that we utilize in producing, pricing, and underwriting insurance policies (in accordance with the rates, rules, and forms filed with regulators, where required), managing claims and customer support, and improving business processes. Any future legal or regulatory requirements that might restrict our ability to collect or utilize this data could potentially have an adverse effect on our business, financial condition, and prospects. We use our digital platform to collect data points that we evaluate in pricing and underwriting insurance policies, managing claims and customer support, and improving business processes. Our business model is dependent on our ability to collect vehicle and personal data. If federal, state, or international regulators were to determine that the type of data we collect, the process we use for collecting this data, or how we use it, unfairly discriminates against a protected class of people or otherwise violates applicable ~~data~~ **Privacy-privacy and cybersecurity Laws-laws** and regulations, regulators could prohibit or restrict our collection or use of this data. In addition, if ~~legislation~~ **evolving privacy laws** were to restrict our ability to collect **motor vehicle records and other related** personal data, it could impair our capacity to underwrite insurance cost effectively, negatively impacting our revenue and earnings. The insurance business, including the market for property and casualty insurance, is historically cyclical in nature, and there may be periods with excess underwriting capacity and unfavorable premium rates, which could adversely affect our business. We operate primarily in North America and the seasonality of driving in that region has caused a large portion of our **commission and fee** revenue to be generated in the spring and summer months of each year. This in turn impacts operational cash flows and could produce volatility in our earnings. Fluctuations in our operating results could be due to a number of other factors, many of which may be outside of our control, including competition, **but also the** frequency and severity of catastrophic events, levels of capacity, adverse litigation trends, regulatory constraints, general economic conditions, and agreement on underwriting appetite with our carrier partners, and other factors. The supply of insurance is related to prevailing prices, the level of insured losses, and the level of capital available to the industry that, in turn, may fluctuate in response to changes in rates of return on investments being earned in the insurance industry. As a result, the auto insurance business historically has been a cyclical industry characterized by periods of intense price competition due to excessive underwriting capacity, as well as periods when shortages of capacity increased premium levels. We operate in a specialty sector of the auto insurance market and need to be mindful of these and other factors which could impact our operations. Demand for insurance depends on numerous factors, including the frequency and severity of catastrophic events, levels of capacity, the introduction of new capital providers, and general economic conditions. All of these factors fluctuate and may contribute to price declines generally in the insurance industry. We cannot predict with certainty whether market conditions affecting the auto insurance market and the insurance market in general will improve, remain constant, or deteriorate. Negative market conditions may impair our ability to underwrite insurance at rates we consider appropriate and commensurate relative to the risk assumed. Additionally, negative market conditions could result in a decline in policies sold, an increase in the frequency or severity of claims and premium defaults, and an uptick in the frequency of fraud, including the falsification of claims. If we cannot underwrite insurance at appropriate rates, our ability to transact business will be materially and adversely affected. Any of these factors could lead to an adverse effect on our business, financial condition and results of operations. The reinsurance that Hagerty Re purchases to protect against catastrophic and large losses may be unavailable at current coverage terms, limits, or pricing. The business that Hagerty Re reinsures is exposed to catastrophic events that are inherently unpredictable and may cause capacity in the reinsurance market to become scarcer leading to rate increases or changes in coverage terms, or a combination of both. This in turn may cause Hagerty Re to retain more risk, be unable to accept **further** risk and grow, or require greater capital investment that may not be available, in each case resulting in lower profits, as well as a material effect on our financial condition and results of operations. **Unexpected increases in the frequency or severity..... change will have on our business.** If the risks within the insurance programs that we offer ~~on behalf of our underwriting carriers~~ are not priced and underwritten accurately with competitive, yet profitable, rates, our business and financial condition could be adversely affected. **As an MGA, we operate under delegated underwriting authority in the U. S.** In general, the premiums for the insurance policies in our ~~program~~ **programs** are established at the time a policy is issued and, therefore, before all of the underlying costs are known. The accuracy of the pricing is subject to our ability to adequately assess risks, estimate losses, and comply with insurance laws and regulations. Like others in the industry, we rely on estimates and assumptions in setting the premium rates. We also utilize the data that we gather through our interactions with Members. Establishing adequate premium rates is necessary, together with investment income, if any, to generate sufficient revenue to offset losses, loss adjustment expenses, and other costs. If we do not accurately assess the risks that are underwritten, adequate premiums may not be charged to cover losses and expenses, which would adversely affect our results of operations and our profitability. Moreover, if we determine that the prices are too low, insurance regulations may prevent **us from** non-renewing insurance contracts, non-renewing Members, or raising prices. Alternatively, we could set the premiums too high, which could reduce our competitiveness and lead to lower revenues, which could have a material adverse effect on our business, financial condition and results of operations. Pricing involves the acquisition and analysis of historical loss data and the projection of future trends, loss costs, expenses, and inflation trends, among other factors, for each of the products in multiple risk levels and many different markets. In order to accurately price the policies, we must, among other factors:

- collect and properly and accurately analyze a substantial volume of data from our Members;
- develop, test, and apply appropriate actuarial projections and rating formulas;
- review and evaluate competitive product offerings and pricing dynamics;
- closely monitor and timely recognize changes in trends;
- project both frequency and severity of our Members' losses with reasonable accuracy; and
- in many jurisdictions, obtain regulatory approval for the resulting rates. We may not have success in implementing a pricing methodology accurately in accordance with our assumptions. Our ability to accurately price policies is subject to a number of risks and uncertainties, including, but not limited to:

- insufficient, inaccurate, or unreliable data;
- incorrect or incomplete analysis of available data;
- uncertainties generally inherent in estimates and assumptions;
- our inability

to implement appropriate actuarial projections and rating formulas or other pricing methodologies; • incorrect or incomplete analysis of the competitive environment; • regulatory constraints on rate increases or coverage limitations; • our inability to accurately estimate investment yields and the duration of our liability for loss and loss adjustment expenses; and • unanticipated litigation, court decisions, and legislative or regulatory actions or changes to the existing regulatory landscape. To address the potential errors or desired or required changes in our current business model, we may be compelled to increase the amount allocated to cover policy claims, or to address other economic factors resulting in an increase in future premium rates, or to additionally or alternatively adopt different underwriting standards. Any of these changes may result in a decline in new business and renewals and, as a result, have a material adverse effect on our business, financial condition, and results of operations. Reinsurance subjects Hagerty Re to counterparty risk ~~where if~~ reinsurers fail to pay or timely pay claims due to insolvency or otherwise fail to honor their obligations. Hagerty Re is legally obligated to pay claims under the reinsurance agreements where Hagerty Re has assumed risk, regardless of whether Hagerty Re is able to secure its own reinsurance for ceded reinsurance coverages. If one or more of Hagerty Re's reinsurance providers become insolvent or default in payment when reimbursement is sought by Hagerty Re, this may have a material effect on Hagerty Re's financial condition and results of operations as well as its ability to accept risk. Such an event may cause Hagerty Re to require capital investments that may not be available. Unexpected changes in the interpretation of coverage or provisions, including loss limitations and exclusions, in the insurance policies we sell and service could have a material adverse effect on our financial condition and operations. We have specifically negotiated loss limitations and exclusions in the policies we sell and service, and these limitations and exclusions may not be enforceable in the manner we intend. As industry practices and legal, judicial, social, and other conditions change, unexpected and unintended issues related to claims and coverage may emerge. While these limitations and exclusions help us assess and mitigate our loss exposure, it is possible that a court or regulatory authority could nullify or void a limitation or exclusion, or legislation could be enacted modifying or barring the use of such limitations or exclusions. These types of governmental actions could result in higher than anticipated losses and loss adjustment expenses, which could have a material adverse effect on our financial condition or results of operations. In addition, court decisions have eliminated long standing coverage limitations by a narrow reading of policy exclusions. Under the insurance laws, the insurer typically has the burden of proving an exclusion applies and any ambiguities in the terms of a loss limitation or exclusion provision are typically construed against the insurer. These types of cases and the issues they raise may adversely affect our business by either broadening coverage beyond our underwriting intent or by increasing the frequency or severity of claims. In some instances, these changes may not become apparent until sometime after we have issued insurance contracts that are affected by the changes. As a result, the full extent of liability under the insurance contract may not be known for many years after a contract is issued. There could also be additional exposure with claims for other household vehicles that are not covered under an insurance policy issued by us, such as for someone's regular use vehicle. It is possible that our underwriting companies that we write business through may share in liability with these types of claims in certain instances. Hagerty Re's actual ultimate loss liability could potentially be greater than our loss and loss adjustment expense reserves, which could have a material adverse effect on our financial condition and results of operations. Significant periods of time often elapse between the occurrence of an insured or reinsured loss, the reporting of the loss to us, and our payment of that loss. To recognize liabilities for unpaid losses, we establish reserves as balance sheet liabilities representing ~~management's best estimates— estimate~~ **management's best estimate of amounts needed—unpaid losses related to pay both reported claims and incurred but not reported— reported losses and the related loss adjustment ("IBNR") claims. These reserves also include management's best estimate of all expenses associated with processing and settling claims**. The process of estimating loss reserves is ~~inherently a difficult and complex exercise involving many variables and subjective~~ **and involves a high degree of judgments— judgment**. ~~The~~ **As part of the reserving process, we review historical data and consider the impact of such factors as considered by management in estimating the provision for unpaid losses and loss adjustment expenses include the following : • the views of the Company's actuaries; • historical trends in claim frequency and severity , including the impacts of adverse weather- related events ; • changes in operations claim cycle time and claim settlement practices ; • observed industry emerging economic and social trends; • the trends in insurance rates; • changing mix of insured business due to the large growth in modern collectible cars which carry a different risk profile than the risks associated with collector cars ; • inflation or deflation; and • retention limits under current catastrophe and treaty reinsurance programs; and • legislative and judicial changes in the regulatory and litigation environments jurisdictions in which the Company operates**. This process assumes that past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate basis for predicting future events. There is no precise method, however, for evaluating the impact of any specific factor on the adequacy of reserves, and actual results will differ from original estimates. As part of the reserving process, we regularly review our loss reserves and make adjustments as necessary. Future increases in loss reserves for our underwriting operations will, and for our program's services operations may, result in additional charges to earnings, which may be material. Our estimates could prove to be inadequate, and this underestimation could have a material adverse effect on our financial condition. ~~Hagerty Re is required to maintain its reserves and financial condition in accordance with Bermuda law and the Bermuda Solvency Capital Requirement ("BSCR") administered by the Bermuda Monetary Authority ("BMA"). Inadequate current reserves may adversely affect earnings in future periods, as well as the ability to continue to accept risk, and Hagerty Re's ability to maintain its financial condition and meet solvency requirements necessary to maintain its license in Bermuda. Under Bermuda law, Hagerty Re is prohibited from declaring or making payment of a dividend if it fails to meet its minimum solvency margin or minimum liquidity ratio. Prior approval from the BMA is also required if Hagerty Re's proposed dividend payments would exceed 25 % of its prior year- end total statutory capital and surplus.~~ Our expansion into different insurance products and jurisdictions may subject us to additional costs and expenses, and our plans might not be as profitable as projected. We believe that the growth of our business and revenue depends in part upon our ability to: (i) retain our existing Members and add new Members in our current, as well as new, geographic

markets; (ii) add new insurance programs and products; and (iii) add to and continue to grow our offering of non- insurance automotive enthusiast- related products. **Increasing our Member count, Expanding expanding** into new geographic markets, and introducing new products takes time. **Such expansions also requires- require** us to navigate and comply with extensive regulations, and may happen more slowly than we expect or than it has occurred in the past. **If As a result, we were to may incur lose losses Members, our- or value might diminish otherwise not be successful in entering new markets or introducing new products**. A future loss of Members could lead to higher loss ratios, loss ratios that cease to decline, or declining revenue —; any of which would adversely impact our profitability. If we are unable to remain competitive on Member experience, pricing, or insurance coverage options, our ability to grow and retain our business may also be adversely affected. In addition, we might not be able to accurately predict risk segmentation of new and renewal Members or potential Members, which could also reduce our profitability. ~~While a key part of our business strategy is to retain and add Members in our existing markets, we may also seek to expand our operations into new markets and new products. In doing so, we may incur losses or otherwise not be successful in entering new markets or introducing new products.~~ Our expansion into new markets and new products may place us in unfamiliar competitive environments and involve various risks, including competition, government regulation, the need to invest significant resources, and the possibility that returns on such investments might not be achieved for several years, or at all. ~~We may not be successful in these efforts, and even if we are successful, these efforts may increase or create the following risks, among others:~~

- we might not be able to effectively use search engines, social media platforms, content-based online advertising, and other online sources for generating traffic to our website;
- potential Members in a particular marketplace could generally not meet the underwriting guidelines;
- demand for new products or expansion into new markets may not meet our expectations;
- new products and expansion into new markets may increase or change our risk exposures, and the data and models we use to manage those exposures may not be as effective as those we use in existing markets or with existing products;
- models underlying automated underwriting and pricing decisions may not be effective;
- efforts to develop new products or expand into new markets or to change commission terms may create or increase distribution channel conflicts;
- in connection with the conversion of existing policyholders to a new product, some policyholders' pricing may increase while the pricing for other policyholders may decrease, the net impact of which could negatively impact retention and profit margins;
- changes to our business processes or workflow, including the use of new technologies, may give rise to execution risk;
- our products might not be competitive in terms of Member experience, pricing, or insurance coverage options;
- there could be barriers in obtaining the governmental and regulatory approvals, licenses, or other authorizations necessary for expansion into new markets or in relation to our products (such as line, form, underwriting, and rating approvals), or such approvals could contain conditions that impose restrictions on our operations (such as limitations on growth);
- our digital platform might experience disruptions;
- we could suffer reputational harm to our brand resulting from negative publicity, whether accurate or inaccurate;
- we may not be able to offer new and competitive products, to provide effective updates to our existing products, or to keep pace with technological improvements in our industry;
- we might not be able to maintain traditional retail agent relationships;
- Members may have difficulty installing, updating, or otherwise accessing our website on mobile devices or web browsers as a result of actions by us or third parties;
- Members may be unable or unwilling to adopt or embrace new technology;
- technical or other problems may frustrate the Member experience, particularly if those problems prevent us from generating quotes or paying claims in a fast and reliable manner;
- we might not be able to address Member concerns regarding the content, data privacy, and security generally or for our digital platform specifically;
- we may not identify or enter joint ventures with strategic partners or we may enter into joint ventures that do not produce the desired results; or
- there may be challenges in, and with the cost of, complying with various laws and regulatory standards, including with respect to the insurance business and insurance distribution, capital and outsourcing requirements, data privacy, tax, and regulatory restrictions. These efforts may require additional investments by us, some of which could be significant. These costs may also include hiring additional personnel, as well as engaging third- party service providers, and other research and development costs.

If we grow our geographic footprint or product offering at a slower rate than expected, or if we are unable to overcome the challenges listed above, our business, financial condition and results of operations could be materially and adversely affected. Our reliance on technology and intellectual property from third parties for pricing and underwriting insurance policies, handling claims, and maximizing automation, could cause an adverse impact on our business and operations if these third parties become unavailable or provide us with inaccurate information. We use data, technology, and intellectual property licensed from unaffiliated third parties in certain components of our products, including insurance industry proprietary information that we license, and we may license additional third- party technology and intellectual property in the future. Any errors or defects in this third- party technology and intellectual property could result in errors that could harm our brand and business. In addition, licensed technology and intellectual property may not continue to be available on commercially reasonable terms, or at all. Also, should a company refuse to license its proprietary information to us on the same terms that it offers to our competitors, we could be placed at a significant competitive disadvantage. If any technology and intellectual property we license from others becomes unavailable, we may not be able to find replacement technologies at a reasonable cost or at all, which could materially harm our business and results of operations. **Our Denial of claims or the** failure to accurately and timely pay claims on behalf of our underwriting carriers **insurance programs** could have an adverse impact on our own business, financial condition and prospects. We must accurately and timely evaluate and pay claims that are made under the **policies in our insurance policies in our program programs**. There are many factors that could affect our ability to pay claims accurately and timely, including the efficiency of our claims processing, the training and experience of our **claim-claims**'s adjusters, and our ability to develop or select and implement appropriate procedures and systems to support our claims functions. The risks included in our insurance programs are typically those of an antique, classic, or collectible vehicle nature. Adjusting claims on these types of risks often requires specialized knowledge of collector vehicles, so our claims staff is trained to have collectible vehicle expertise to provide an efficient, yet comprehensive, claims experience. The manner in **how which** we handle claims is

a differentiating factor for our business, and an inability to be able to continue to offer a timely and comprehensive claims experience could undermine our brand and position in the **collector car and enthusiast vehicle** insurance marketplace. Additionally, any failure to pay claims accurately or timely could also lead to regulatory and administrative actions or material litigation, loss or reduction in reinsurance recoverable, or result in damage to our reputation, any one of which could materially and adversely affect our business, financial condition, results of operations and prospects. If our claims adjusters are unable to effectively process our volume of claims in **accordance with our service metrics and** the manner that our Members expect, our ability to grow our business while maintaining high levels of Member satisfaction could be compromised, which in turn, could adversely affect our reputation, financial condition and results of operations. A **downgrade** downward change in **the** Essentia's financial strength rating **of the carriers on our insurance programs** may adversely affect our ability to conduct business as currently conducted. **The** Essentia's ability **of our carrier partners** to underwrite business **on our insurance programs** is dependent upon **its** financial strength **rating ratings** as evaluated by independent rating agencies. In the event that **Essentia is any of our carrier partners are** downgraded (or if Evanston is downgraded), we believe our ability to write business through **Essentia them** would be adversely affected. In the normal course of business, we evaluate **their** Essentia's capital needs to support the amount of business **it they writes write** in order to maintain **its their** financial strength ratings. Hagerty Re is subject to regulatory requirements to maintain its license in Bermuda as a Class 3A insurer. Hagerty Re is registered as a Class 3A insurer under the Bermuda Insurance Act. The **Bermuda Monetary Authority ("BMA")** issues regulations and other guidance prescribing requirements that Bermuda- licensed insurance companies, like Hagerty Re, are required to comply with. For example, the BMA requires Bermuda- licensed insurers to maintain a minimum level of capital and surplus, comply with restrictions on dividends, make financial statement filings, prepare a financial condition report, maintain a head office in Bermuda from which insurance business is directed and managed and allow for the performance of certain periodic examinations of financial condition. These statutes and regulations may restrict Hagerty Re's ability to write reinsurance contracts, distribute funds and pursue its investment strategy. Under its license as a Class 3A insurer, Hagerty Re must meet and maintain the relevant solvency margin, and liquidity and other ratios applicable under Bermuda law. For example, Hagerty Re's license limits it to reinsuring business that is underwritten by **our subsidiaries and** carriers rated A- or better by A. M. Best or similar rating agencies. Additional operational requirements for Hagerty Re in Bermuda include: • maintaining a principal office in Bermuda and having a certain number of Bermuda- domiciled managers involved in overseeing operations; • obtaining prior approval for changes in ownership / transfers of shares; • having restrictions on dividends; • complying with Bermuda know-your- customer and anti- bribery type laws; • having audited financial statements and being subject to BMA examination; and • carrying out operations in accordance with its filed and approved business plan. Failure to operate properly in accordance with Bermuda law could cause Hagerty Re's license to be restricted or revoked, result in possible supervisory control of Hagerty Re and its assets and termination of reinsurance agreements with its ceding insurers. Additionally, Bermuda insurance statutes, regulations and the policies of the BMA are less restrictive than U. S. insurance statutes and regulations. Insurance supervisors in the U. S. may review Hagerty Re's activities and determine that Hagerty Re is subject to a U. S. jurisdiction's licensing requirements or determine that our U. S.- domiciled underwriting partners cannot transact business with us. Any such determination would have an adverse impact on Hagerty Re's operations and financial condition. Risks Related to **Hagerty Our Marketplace** **If Business Our growth strategy involves the development and expansion of our marketplace offerings, and if** we are unable to realize the anticipated **benefits synergies and cost savings from the their growth** Broad Arrow acquisition and integration, **with or our** if we are unable to retain the **other businesses** key employees, the **our** business, financial condition and results of operations **of our Marketplace business** could be materially and adversely affected. **Our marketplace business complements our insurance** In 2022, Hagerty purchased Broad Arrow and its consolidated subsidiaries in an **and membership** all- stock transaction. Broad Arrow offers **offerings** services for buying **where automotive enthusiasts can buy, selling sell,** and financing **finance** collector cars, primarily through auctions and **enthusiast vehicles** facilitating private sales, and enables the Company to further leverage respective product offerings under Marketplace. It is possible that the synergies and cost savings anticipated **development** by the acquisition and integration **expansion** of **our marketplace offerings, including the** Broad Arrow **into Hagerty business,** could take longer than anticipated **planned** and **may not lead to the growth in our insurance and membership offerings that we expect and, furthermore, expansion of the Broad Arrow business into Europe increases its operational complexity and regulatory compliance burden. Any of the foregoing factors** could result in the loss of valuable employees, **or** Member and supplier relationships, the disruption of **our** each party's ongoing businesses, processes, and systems, or inconsistencies in standards, controls, procedures, practices, policies, and compensation arrangements, any of which could adversely affect our ability to achieve the anticipated benefits **of from the integration of our marketplace** Broad Arrow acquisition. Broad Arrow is largely a service business in which the ability of its employees to develop and maintain relationships with **our other** potential sellers and buyers of collector cars is essential to its success. Broad Arrow's business **businesses**, financial condition, and results of operations are highly dependent on a small number of team members who generate substantially all of Broad Arrow's revenues. Therefore, our ability to attract, motivate, and / or retain those key employees is critical, and the loss of any key revenue generator could have a disproportionate impact on our Marketplace business. Our compensation arrangements, such as our sales incentive plan and equity award programs, may not always be successful in attracting new employees and motivating and retaining key employees. Competition in the global collector car sales market and the variability of the value, demand and availability of quality collector cars for sale may adversely impact the business, results of operations, and financial condition of our Marketplace **marketplace** business. We compete with other collector car auction houses, dealers, brokers, and classifieds platforms to obtain valuable consignments to offer for sale either at auction or through private sale. The level of competition is intense and can adversely impact our ability to obtain valuable consignments for sale, as well as the commission margins achieved on such consignments. The values and availability of quality collector cars for sale is influenced by a number of factors not within our control. The supply and demand

for collector cars, and therefore the values of collector cars, are influenced not only by overall economic conditions, but also by changing trends in the collector car market as to which vehicles and provenance are most sought after and by the collecting preferences of individual collectors. Marketplace businesses generate revenues through fees and commissions generally based on a percentage of the final sale price, which can fluctuate based on the market dynamics. Further, the fees and commissions we charge may be lowered based on both the level of compensation and the market dynamics between supply and demand for collector cars. These conditions and trends are difficult to predict and may adversely impact our ability to obtain and sell consigned property and our ability to maintain our fee structure, which may cause significant variability in our results of operations from period to period. Many major consignments, and specifically large single-owner collection sale consignments, are often driven by personal circumstances of the owner, including but not limited to death, divorce, and / or other financial circumstances, all of which are unpredictable and may cause significant variability in our results of operations from period to period. We could be exposed to losses in the event of title, authenticity or other claims related to damage or theft. The assessment of collector cars offered for auction or private sale can involve potential claims regarding title, authenticity of chassis and vehicle identification numbers, provenance, and condition. The vehicles we sell may be subject to statutory warranties as to title or other limited warranties that cannot be disclaimed under our General Conditions of Sale that are published online or in our auction sale catalogs and the terms stated in, and the laws applicable to, agreements governing private sale transactions. Our assessment of the vehicles we offer is based on scholarship and research, but necessarily requires a degree of judgment ~~from by~~ our car specialists and researchers. In the event of a title, authenticity or other claim against us, we may have recourse against the consignor or seller of the property and may have the benefit of insurance, but a claim could nevertheless expose us to losses and to reputational risk. Valuable collector cars are exhibited and stored at events and facilities around the world. Although we maintain security measures at our premises and insurance, valuable property may be subject to damage or theft. The damage or theft of valuable property despite these security measures and insurance could have ~~an a material~~ adverse impact on our business and reputation. If we are unable to maintain or obtain our dealer licenses, auctioneer licenses, and / or other applicable permits and licenses as required in certain jurisdictions in which we operate, or plan to operate, such licensing issues may adversely impact the business results of operation, and financial condition of our ~~Marketplace~~ **marketplace** business. ~~Several Our marketplace businesses are underneath our Marketplace business operate under a dealer license licensed, auctioneer license, and / or other permits permitted and licenses in certain the jurisdictions where they in which we operate as a dealer, auction house, lender, or intermediary to facilitate the auction, sale, purchase, or financing of collector cars. Our inability to maintain the necessary required licenses or permits as required in those any jurisdictions - jurisdiction where we operate or plan to operate may adversely impact the business, results of operations, and financial condition of our Marketplace marketplace business. Also, our inability to obtain the necessary licenses or permits as required in new jurisdictions in which we plan to operate may adversely impact the growth of the business, results of operations, and financial condition.~~ The limited operating history of BAC may not represent BAC's future operating results, as minimal loan losses on the BAC loan portfolio to date may not be indicative of future loan loss experience and our ability to realize proceeds from the sale of collateral for BAC loans may be delayed or limited. BAC, our wholly owned collector car financing business, has a limited operating history and has incurred minimal losses on its loan portfolio. Accordingly, despite our conservative loan underwriting standards, our current loan loss experience may not be indicative of the future performance of the loan portfolio. ~~In situations when the event of a loan default, our ability to realize proceeds from the sale of collateral may be impaired where the collateral is incorrectly valued, or there are competing claims on the collateral, or mispricing of disputes involving a borrower and / or the collateral value for BAC loans and / or when a borrower and / or the collateral becomes subject to a dispute, including, but not limited to, bankruptcy, litigation or insolvency laws, our ability to realize proceeds from the sale of collateral may be limited and / or delayed.~~ Changes to tax laws may affect the volume of collector vehicle inventory available for our ~~Marketplace marketplace~~ **marketplace** business, and increase our compliance risks. Our collectors reside in various tax jurisdictions. Changes to tax laws, or tax **collection or** reporting obligations, in any of these jurisdictions could adversely impact the ability and / or willingness of our collectors to sell or purchase collector cars. Additionally, we are subject to laws and regulations involving sales, use, and other indirect taxes which are assessed by various governmental authorities and imposed on certain transactions between us and our collectors. Changes to the laws and regulations involving such sales, use, and other indirect taxes could increase the complexity of our compliance obligations. Generally, we are not responsible for these indirect tax liabilities unless we fail to collect the appropriate amount of sales, use, or other indirect taxes or applicable tax exemption documentation. Failure to collect the correct amount of indirect tax or applicable tax exemption documentation on a transaction may expose us to claims from tax authorities.

**Legal, Regulatory and Political Risks** The legal and regulatory requirements applicable to our business are extensive. If we are not able to comply, it could have an adverse effect on us. Extensive regulation and potential further restrictive regulation could increase our operating costs and limit our growth. We are subject to extensive laws, regulations, and supervision in the jurisdictions in which we ~~transact~~ **conduct** business. ~~These laws are complex and subject to change. Changes can sometimes lead to additional expenses, increased legal exposure, increased required capital and surplus, delays in implementing desired rate increases or business operations, and additional limits on our ability to grow or achieve targeted goals and profitability. Our business is highly dependent on the ability to engage on a daily basis in financial and operational activities, many of which are highly complex, including, but not limited to, insurance underwriting, claim processing, and providing products and services to businesses and consumers in a hospitable and efficient manner. These activities are subject to internal guidelines and policies, as well as legal and regulatory requirements, including, but not limited to,~~ those related to: • data privacy and **security cybersecurity**; • anti- **money laundering, anti-** corruption, and anti-bribery; • domestic and international economic sanctions; • restrictions on advertising and marketing; • restrictions on rebating and inducements related to insurance transactions; • restrictions on sharing insurance commissions and payments of referral fees; • restrictions related to underwriting and pricing of insurance; • approval of policy forms and premiums; • restrictions on the adjustment and settlement of insurance claims; •

restrictions on the sale, solicitation, and negotiation of insurance; • rules regarding licensing, affiliations, and appointments; • state-mandated premium rebates, refunds, or reductions as a result of potentially lower risk exposure due to emergency orders; • regulation of registered securities, corporate governance and risk management, and consumer finance; and • periodic examinations of operations, finances, market conduct and claims practices. **These laws are complex and subject to change. Any adverse changes in, or the enactment of new, applicable laws and regulations may increase the complexity of the regulatory environment in which we operate, which could materially increase our direct and indirect compliance costs and other expenses of doing business, adversely impact our growth or profitability and result in adverse changes to our business practices.** While we believe that we have adopted adequate and effective risk management and compliance programs, compliance risks remain, especially as we become subject to additional rules and regulations. The requirement to oversee and monitor the increasing speed and volume of regulatory changes could hinder our ability to appropriately review, analyze, and implement processes to ensure compliance in a timely manner. **Our Failure failure** to comply with, or to obtain, appropriate authorizations or exemptions under any applicable laws and regulations could result in restrictions on our ability to do business or undertake activities that are regulated in one or more of the jurisdictions in which we conduct business. Any such failure could also subject us to fines, penalties, equitable relief, and changes to our business practices. Future regulatory changes could limit or impact our business model. Compliance with applicable laws and regulations **could subject us to** is time-consuming and personnel- and systems-intensive. The current political environment, and the current high level of government intervention and regulatory **finances, sanctions, equitable relief,** reform may lead to substantial new regulations and compliance obligations. Any changes **to in, or our business practices and the other penalties** enactment of new, **including restrictions on our ability to do business** applicable laws and regulations may increase the complexity of the regulatory environment in **affected jurisdictions** which we operate, **any of** which could materially increase our direct and indirect compliance costs and other expenses of doing business and have a material adverse effect on **our** financial condition and results of operations. **Complex** Although state insurance regulators have primary responsibility for administering and enforcing insurance regulations in the U. S., such laws and regulations are further administered and enforced by a number of additional governmental authorities, each of which exercises a degree of interpretive latitude, including state securities administrators; state attorneys general, as well as federal agencies including the SEC, the Financial Industry Regulatory Authority, the Federal Reserve Board, the Federal Insurance Office, the U. S. Department of Labor, the U. S. Department of Justice, and the National Labor Relations Board. Similarly, there are governmental authorities in U. K., such as the Financial Conduct Authority; the BMA in Bermuda; and numerous federal and provincial governmental and oversight organizations in Canada. Consequently, compliance with any particular regulator's or enforcement authority's interpretation of a legal issue may not result in compliance with another's interpretation of the same issue, particularly when compliance is judged in hindsight. Such regulations or enforcement actions are often responsive to current consumer and political sensitivities, which may arise after a major event. Such rules and regulations may result in rate suppression, limit our ability to manage our exposure to unprofitable or volatile risks, or lead to fines, premium refunds, or other adverse consequences. The federal government may also regulate **regulatory** aspects of our business, such as the protection of consumer confidential information or the use of consumer insurance (credit) scores to underwrite and **contractual** assess the risk of customers under the Fair Credit Reporting Act ("FCRA") in the U. S. Among other things, for insurance purposes, the FCRA requires that (i) there is a permissible purpose before obtaining and using a consumer report for underwriting purposes, and (ii) there is compliance with related notice and recordkeeping requirements. Failure to comply with federal requirements under the FCRA or any other applicable federal laws could subject us to regulatory fines and other sanctions. In addition, there is risk that a particular regulator's or enforcement authority's interpretation of a legal issue or the scope of a regulator's authority may change over time to our detriment. There is also a risk that changes in the overall legal environment may cause us to change our views regarding the actions we need to take from a legal risk management perspective. This would necessitate changes to our practices that may adversely impact our business. Legal or regulatory requirements impacting the use of personal data **privacy and cybersecurity** may impact how we interact with our insurance customers and how we market to future Members, and could have an adverse effect on our business, financial condition and operations. We are subject to insurance **complex and evolving laws,** regulatory **regulations** requirements in, **industry standards and contractual obligations, relating to the collection, use, retention, security, transfer, disclosure and the other handling processing** of personal **information** data of our insurance customers and applicants in the jurisdictions in which we operate. **Our obligations extend** Existing and future Privacy Laws applicable to **the processing of personal information among** our regulated insurance activities **partners, between our subsidiaries and affiliates, and with third-party vendors, and** may impact our ability to **:(i) interact with existing insureds ; :(ii) effectively market to future insurance customers ; and, and (iii) cross- sell additional products and services. Laws and regulations govern how insurance related personal data can be collected, used, shared, transferred, and stored. As new Privacy Laws laws, regulations, industry standards, and expectations contractual obligations** are adopted **in response to growing public concern surrounding cyber- attacks in the insurance industry**, our compliance obligations may increase, and our ability to market to and reach Members may be impacted, potentially leading to lower revenue and Member growth. We are subject to government regulatory authorities' power to impose fines and penalties in their interpretation and enforcement of insurance regulations regarding our processing and use of personal data. Such authorities may require us to incur substantial costs in order to comply with such laws and regulations. Laws and regulations are broad in scope and subject to differing interpretations. In some areas of our business, we act on the basis of our own or the industry's interpretations of applicable laws or regulations, which may conflict from jurisdiction to jurisdiction. In the event those interpretations prove different from the interpretations of regulatory authorities, we may be penalized or precluded from carrying on our previous activities. Additionally, we may be exposed to plaintiffs bringing class action claims. We cannot be sure that our practices have complied, currently comply, or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation;

a loss in business, and proceedings or actions against us by governmental entities or private litigants. Any such proceedings or actions require us to spend significant amounts in defense of these proceedings or actions, distract our management, increase our costs of doing business, decrease the use of our mobile application or website by consumers and suppliers, and may result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations. Our insurance coverage relating to any data security and privacy damages and claim expenses may not be sufficient to compensate for all liabilities we may incur. Our intellectual property rights are extremely valuable and if they are not properly protected, our products, services, and brand could be adversely impacted. As we continue expanding our development of intellectual property across all channels, we may be unable to adequately protect and / or obtain appropriate rights, leading to increased risk. **Additionally, our intellectual property rights may be subject to invalidation or circumvention.** Competitors may target certain products or services and seek to assert competing rights. If appropriate contractual measures are not maintained, employees, contractors, and vendors may divulge trade secrets or claim ownership over our intellectual property. ~~New legislation or legal requirements impacting the use of petroleum-based vehicles and / or supporting autonomous vehicles could significantly challenge and impact our core insurance model and company purpose. A significant majority of our Members currently drive gas-powered vehicles and engage in automotive enthusiast activities where they are able to drive and enjoy their vehicles. Changes in the law that create higher barriers to the use and enjoyment of their vehicles may in turn reduce the need or desire for many of our products and services, leading to lost revenue and lower profits and the inability to deliver on our purpose in an impactful manner.~~ Risks Related to Ownership of Our Securities Our stock may be diluted by future issuances of additional **Hagerty, Inc. Class A Common Stock ("Class A Common Stock")** in connection with our incentive plans, acquisitions or otherwise; future sales of such shares in the public market or the expectations that such sales may occur could lower our stock price. We may issue additional shares of Class A Common Stock in several ways: By the Board of Directors (the "Board"). Our Amended and Restated Charter authorizes us to issue shares of our Class A Common Stock and options, rights, warrants and appreciation rights relating to our Class A Common Stock and on the terms and conditions established by our Board in its sole discretion, whether in connection with acquisitions or otherwise. Under the 2021 **Equity Stock** Incentive Plan. We have reserved 38,317,399 shares of Class A Common Stock for issuance under our 2021 **Equity Stock** Incentive Plan (as defined in Note 21 — Share-Based Compensation in Item 8 of Part II of this Annual Report). As of December 31, ~~2023~~ **2024**, we have issued ~~965,257~~ **181,856** shares under this Plan. Under the 2021 Employee Stock Purchase Plan. We have reserved 11,495,220 shares of Class A Common Stock for issuance under our 2021 Employee Stock Purchase Plan (as defined in Note 21 — Share-Based Compensation in Item 8 of Part II of this Annual Report). As of December 31, ~~2023~~ **2024**, we have issued ~~197,228~~ **819,316** shares under this Plan. Under the Contribution and Exchange Agreement. We reserved 4,724,560 shares of Class A Common Stock for exchange under our Contribution and Exchange Agreement (as defined within the Sixth Amended and Restated Limited Liability Company Agreement of ~~The Hagerty Group~~ **THG (the "LLC Agreement")**), incorporated by reference within Item ~~6-15~~ **6-15**, Exhibits **1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100**, **Financial Statement Schedules**, in this Annual Report). As of December 31, ~~2023~~ **2024**, we have exchanged ~~259,580~~ **302,120** shares under the Contribution and Exchange Agreement. **Under the Securities Purchase Agreement. We reserved 6,785,410 shares of Class A Common Stock for conversion under our Securities Purchase Agreement. As of December 31, 2024, no shares of Series A Convertible Preferred Stock have been converted to shares of Class A Common Stock under the Securities Purchase Agreement. Refer to Note 18 — Convertible Preferred Stock in Item 8 of Part II of this Annual Report for additional information.** The compensation committee of our Board may ~~determine in~~ **determine** the exact future increase ~~the~~ number of shares to be reserved for future issuance under ~~its our~~ **our** equity incentive plans at its discretion. ~~We will~~ **At such time, we may** file ~~additional one or more~~ **additional** registration statements on Form S-8 under the Securities Act to register shares of Common Stock or securities convertible into or exchangeable for shares of Common Stock issued pursuant to our equity incentive plans. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market. Any stock that we issue or exchange would dilute the percentage ownership held by the investors who purchase Class A Common Stock. The market price of shares of our Class A Common Stock could decline as a result of newly issued or exchanged stock, or the perception that we might issue or exchange stock. A decline in the price of our Class A Common Stock might impede our ability to raise capital through the issuance of additional shares of Class A Common Stock or other equity securities. Substantial blocks of our total outstanding shares may be sold into the market. If there are substantial sales of shares of our Class A Common Stock, the price of our Class A Common Stock could decline. The ~~market~~ **market** price of our Class A Common Stock could decline if there are substantial sales of our Class A Common Stock, ~~or the perception in the market that the holders of a large number of shares intend to sell their shares,~~ **or the perception in the market that the holders of a large number of shares intend to sell their shares,** particularly sales by our directors, executive officers, and significant stockholders, or if there is a large number of shares of our Class A Common Stock available for sale. As of ~~March 1~~ **February 20, 2024-2025**, we have ~~84,900~~ **655,040**, ~~539,663~~ **539,663** shares of our Class A Common Stock outstanding. ~~All of the shares of Class A Common Stock sold at the completion of our Business Combination are available for sale in the public market.~~ Shares held by directors, executive officers and other affiliates are subject to volume limitations under Rule 144 under the Securities Act of 1933, as amended, or the Securities Act, and various vesting agreements. ~~The market price of the shares of our Class A Common Stock could decline as a result of the sale of a substantial number of our shares of Class A Common Stock in the public market or the perception in the market that the holders of a large number of such shares intend to sell their shares.~~ Certain warrants to purchase our Class A Common Stock are now exercisable and could become exercisable in 2024, which could increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. PIPE Warrants to purchase an aggregate of 12,147,300 shares of Class A Common Stock became exercisable on the 30th day following the closing of the Business Combination in accordance with the terms of the warrant agreement governing those securities. In addition, Public Warrants to purchase an aggregate of 5,750,000 shares of Class A Common Stock and Underwriter Warrants to purchase an aggregate of

~~28,750 shares of Class A Common Stock became exercisable on April 12, 2022 in accordance with the warrant agreement covering those securities. Each such PIPE Warrant, Underwriter Warrant and Public Warrant entitles its holder to purchase one share of Class A Common Stock at an exercise price of \$ 11.50 per share and will expire at 5:00 p. m., New York time, five years after the closing of the Business Combination or earlier upon redemption or our liquidation. In addition, the Private Placement Warrants and OTM Warrants became exercisable on December 2, 2022, subject to the achievement of certain trading thresholds pursuant to the terms of the Sponsor Warrant Lock-up Agreement. To the extent warrants are exercised, additional shares of Class A Common Stock will be issued, which will result in dilution to our then existing stockholders and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could depress the market price of our common stock.~~ We qualify as an "emerging growth company" within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to emerging growth companies, it could make our securities less attractive to investors and may make it more difficult to compare our performance to the performance of other public companies. We qualify as an "emerging growth company" as defined in Section 2 (a) (19) of the Securities Act, as modified by the JOBS Act. As such, we are eligible for and intend to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies for as long as we continue to be an emerging growth company, including (i) the exemption from the auditor attestation requirements with respect to internal control over financial reporting under Section 404 (b) of the Sarbanes-Oxley Act of 2002, as amended ("Sarbanes-Oxley") and (ii) the exemptions from say-on-pay, say-on-frequency and say-on-golden parachute voting requirements and (iii) reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements. We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year in which the market value of Class A Common Stock that is held by non-affiliates exceeds \$ 700 million as of June 30 of that fiscal year, (ii) the last day of the fiscal year in which we have total annual gross revenue of \$ 1.235 billion or more during such fiscal year (as indexed for inflation), (iii) the date on which we have issued more than \$ 1 billion in non-convertible debt in the prior three-year period or (iv) December 31, 2026. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the exemption from complying with new or revised accounting standards provided in Section 7 (a) (2) (B) of the Securities Act as long as we are an emerging growth company. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We **may intend to** avail ourselves of such extended transition period and, therefore, we may not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies or that have opted out of using such extended transition period. Investors may find the Class A Common Stock less attractive because we will rely on these exemptions, which may result in a less active trading market for the Class A Common Stock and its price may **be-become** more volatile. We qualify as, and have elected to be treated as, a "controlled company" within the meaning of the NYSE listing standards and, as a result, our stockholders may not have certain corporate governance protections that are available to stockholders of companies that are not controlled companies. So long as more than 50 % of the voting power for the election of directors is held by an individual, a group, or another company, we will qualify as a "controlled company" under the NYSE listing requirements. As of December 31, ~~2023~~ **2024**, HHC controls approximately 67. ~~75~~ % of the voting power of our outstanding capital stock. As a result, we qualify as, and elect to be treated as, a "controlled company" under the NYSE listing standards and will not be subject to the requirements that would otherwise require us to have: (i) a majority of "independent directors," as defined under the listing standards of the NYSE; (ii) a nominating committee comprised solely of independent directors; (iii) compensation of our executive officers determined by a majority of the independent directors or a compensation committee comprised solely of independent directors; and (iv) director nominees selected, or recommended for the **Boards' board of directors'** selection, either by a majority of the independent directors or a nominating committee comprised solely of independent directors. HHC may have its interest diluted due to future equity issuances or its own actions in selling shares of common stock, in each case, which could result in a loss of the "controlled company" exemption under the NYSE listing rules. We would then be required to comply with those provisions of the NYSE listing requirements. The dual class structure of our common stock may adversely affect the trading market for our Class A Common Stock. S & P Dow Jones and FTSE Russell limit their eligibility criteria for inclusion of shares of public companies on certain indices, including the S & P 500, namely, to exclude companies with multiple classes of shares of common stock from being added to such indices. In addition, several stockholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our common stock may prevent the inclusion of our Class A Common Stock in such indices and may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from **such** indices could result in a less active trading market for our Class A Common Stock. Any actions or publications by stockholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A Common Stock. The dual class structure of our common stock will have the effect of concentrating voting power with two stockholders, which will limit your ability to influence the outcome of important transactions, including a change in control. ~~Our~~ **The Hagerty, Inc.** Class V Common Stock ("**Class V Common Stock**") has 10 votes per share and our Class A Common Stock has one vote per share. Markel and HHC, who currently hold all of the Class V Common Stock, together ~~will~~ hold a substantial majority of the voting power of our outstanding capital stock. Because of the 10-to-1 voting ratio between our Class V and Class A Common Stock, the holders of our Class V Common Stock will collectively control a majority of the combined voting power of common stock and, therefore, will be able to control all matters submitted to our stockholders until the earlier of (i) 15 years from the date of the consummation of the ~~Business~~ **business** ~~Combination~~ **combination that formed Hagerty, Inc. in 2021**, and (ii) the date on which such share of Class V Common Stock is transferred other than pursuant to a Qualified Transfer (as defined in our Amended and Restated Charter). This concentrated control will limit or preclude your ability to influence the outcome of

important corporate matters, including a change in control, for the foreseeable future. Transfers by holders of Class V Common Stock will generally result in those shares losing their super voting rights, subject to limited exceptions, such as certain transfers effected for estate planning or charitable purposes. Our three largest stockholders hold significant voting power, have the right to designate directors to our Board and are entitled to preemptive rights with respect to the issuance of new Class A Common Stock, which provides these stockholders with significant power to influence our business and affairs. Our three largest stockholders are HHC, Markel, and State Farm. HHC controls approximately 67.75% of the voting power, Markel controls approximately 29.28.09% of the voting power, and State Farm controls approximately 2.1% of the voting power. Pursuant to the terms of the Investor Rights Agreement among HHC, Markel, and State Farm, HHC has the right to designate two directors to our Board, and Markel and State Farm have each designated one director to our Board. Pursuant to the Investor Rights Agreement, each of HHC, Markel, and State Farm has agreed to vote for the election of any director nominated by HHC, Markel, and State Farm in furtherance of the director designation rights described above. As a consequence, at present, the reelection in 2024-2025 of the directors designated by HHC, Markel and State Farm is assured. Moreover, under the terms of the Investor Rights Agreement, each of HHC, Markel, and State Farm has a contractual preemptive right. Specifically, under the terms of the Investor Rights Agreement, for so long as HHC, Markel, and State Farm, as applicable, are entitled to nominate a director, each of HHC, Markel, and State Farm, as applicable, subject to certain conditions, has a preemptive right to purchase up to the amount of any new securities we propose to issue or sell as is necessary to maintain the relative pro rata ownership position (determined on a fully diluted basis at the time of determination) of HHC, Markel, and State Farm, as applicable. Therefore, while other holders of our stock would risk suffering a reduction in percentage ownership in connection with a new issuance of securities by us, HHC, Markel, and State Farm would, through this preemptive right, have the opportunity to avoid a reduction in percentage ownership. As long as HHC, Markel, and State Farm continue to hold a significant portion of our outstanding common stock, each will have the ability to influence the vote in any election of directors and over decisions that require stockholder approval. By virtue of their voting power and Board designation rights, preemptive right to purchase additional equity securities in future stock offerings and approval rights, HHC, Markel, and State Farm, collectively and separately, have the power to significantly influence our business and affairs and the outcome of matters required to be submitted to stockholders for approval, including the election of our directors, amendments to our charter, mergers, or sales of assets. Their influence over our business and affairs may not be consistent with the interests of some or all of our other stockholders and might negatively affect the market price of our common stock. ~~We may redeem unexpired warrants prior to their exercise at a time that is disadvantageous to the holders of such warrants, thereby making such warrants worthless. We have the ability to redeem outstanding warrants at any time after they become exercisable and prior to their expiration, at a price of \$ 0.01 per warrant, provided that the last reported sales price of Class A Common Stock equals or exceeds \$ 18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading-day period commencing once the warrants become exercisable and ending on the third trading day prior to the date on which we give proper notice of such redemption and provided certain other conditions are met. If and when the warrants become redeemable by us, we may not exercise our redemption right if the issuance of shares of Class A Common Stock upon exercise of the warrants is not exempt from registration or qualification under applicable state blue sky laws or we are unable to effect such registration or qualification. We will use our best efforts to register or qualify such shares of Class A Common Stock under the blue sky laws of the state of residence in those states in which the warrants were offered. Redemption of the outstanding warrants could force you (i) to exercise your Public Warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so, (ii) to sell your warrants at the then-current market price when you might otherwise wish to hold your warrants or (iii) to accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of your warrants. None of the Private Placement Warrants or Underwriter Warrants are redeemable by us so long as they are held by the Sponsor, FG SPAC Partners LP, the underwriter in Aldel's initial public offering, or their permitted transferees.~~ Because we have no current plans to pay cash dividends on our Class A Common Stock for the foreseeable future, you may not receive any return on investment unless you sell your Class A Common Stock for a price greater than that which you paid for it. We intend to retain future earnings, if any, for future operations, expansion and debt repayment and there are no current plans to pay any cash dividends on our Class A Common Stock for the foreseeable future. The declaration, amount and payment of any future dividends on shares of our Class A Common Stock will be at the sole discretion of our Board. Our Board may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions, implications on the payment of dividends by us to our stockholders or by our subsidiaries to us and such other factors as our Board may deem relevant. In addition, our ability to pay dividends is limited by covenants of our existing and outstanding indebtedness and may be limited by covenants of any future indebtedness we incur. As a result, you may not receive any return on an investment in our Class A Common Stock unless you sell our Class A Common Stock for a price greater than that which you paid for it. Anti-takeover provisions in our organizational documents and applicable insurance laws could delay or prevent a change of control. Certain provisions of our Amended and Restated Charter and Amended and Restated Bylaws may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. These provisions provide for, among other things: • the ability of our Board to issue one or more series of preferred stock; • advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings; • certain limitations on convening special stockholder meetings; and • limiting the ability of stockholders to act by written consent; These anti-takeover provisions could make it more difficult for a third party to acquire us, even if the third party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their

ability to obtain a premium for their shares. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. Further, the insurance laws applicable to our regulated insurance subsidiaries prohibit any person from acquiring direct or indirect control of us or our regulated insurance subsidiaries, generally defined as owning or having the power to vote 10 % or more of our outstanding voting stock, without the prior written approval of state regulators. Our Amended and Restated Charter designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders. Our Amended and Restated Charter provides that, subject to limited exceptions, any (1-i) derivative action or proceeding brought on behalf of us under Delaware law, (2-ii) action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, or other employee to us or our stockholders, (3-ii) action asserting a claim against us, our directors, officers or other employees arising under the Delaware General Corporation Law ("DGCL"), our Amended and Restated Charter or our Amended and Restated Bylaws (in each case, as may be amended from time to time), (4-iv) action asserting a claim against us or any of our directors, officers or other employees governed by the internal affairs doctrine of the State of Delaware, or (5-v) other action asserting an "internal corporate claim," as defined in Section 115 of the DGCL, in all cases subject to the court having personal jurisdiction over all indispensable parties named as defendants shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, another state or federal court located within the State of Delaware. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our Amended and Restated Charter described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our Amended and Restated Charter inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition. There is no public market for the our Series A Convertible Preferred Stock. There is no established public trading market for the Series A Convertible Preferred Stock, and we do not expect a market to develop. The Series A Convertible Preferred Stock is not currently listed on any securities exchange or nationally recognized trading system, including the New York Stock Exchange, and we may choose not to apply to list it in the future. Without an active market, the liquidity of the Series A Convertible Preferred Stock will be limited. **The price of our securities may be volatile or may decline regardless of our operating performance and you could lose all or part of your investment as a result. The trading price of our common stock is likely to be volatile. The stock market has experienced volatility, often unrelated or disproportionate to the operating performance of particular companies. You may not be able to resell your shares at an attractive price due to a number of factors such as those listed elsewhere in this Risk Factors section and this Annual Report, as well as the following:**

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- public float and trading volume of our securities is low;
- changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;
- announcements by us or our competitors of significant contracts, acquisitions, joint ventures, other strategic relationships or capital commitments;
- changes in general economic or market conditions or trends in our industry or markets;
- changes in business or regulatory conditions, including new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- future sales of our Common Stock or other securities;
- the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC; and
- changes in accounting standards, policies, guidelines, interpretations or principles.

These broad market and industry fluctuations may adversely affect the market price of our Class A Common Stock regardless of our actual operating performance. In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation. If securities or industry analysts do not publish research or publish inaccurate or unfavorable research reports about our business, or if they downgrade our stock or our sector, our stock price and trading volume could decline. The trading market for our Class A Common Stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We will not control these analysts. In addition, some financial analysts may have limited expertise with our business model and operations. Furthermore, if one or more of the analysts who do cover us downgrade our stock or industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on it regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

**Risks Related to Tax** We are a holding company, and our only material asset is our interest in **THG The Hagerty Group**, and we will therefore be dependent upon distributions made by **THG The Hagerty Group** to pay taxes, make payments under the TRA and pay other expenses. We are a holding company with no material assets other than our ownership of **THG The Hagerty Group** units and our managing member interest in **THG The Hagerty Group**. As a result, we will have no independent means of generating revenue or cash flow. Our ability to pay taxes, make payments under the TRA and pay dividends (in the event that any dividends are declared) and other expenses will depend on the financial results and cash flows of **THG The Hagerty Group** and the distributions we receive from **THG The Hagerty Group**. Deterioration in the financial condition, earnings or cash flow of **THG The Hagerty Group** for any reason could limit or impair **THG The Hagerty Group**'s ability to pay such distributions. Additionally, to the extent that we

need funds and **THG The Hagerty Group** is restricted from making such distributions under applicable law or regulation or under the terms of any financing arrangements, or **THG The Hagerty Group** is otherwise unable to provide such funds, it could materially adversely affect our liquidity and financial condition. **THG is The Hagerty Group** will be treated as a partnership for U. S. federal income tax purposes and, as such, generally will not be subject to any entity- level U. S. federal or state income tax. Instead, the taxable income of **THG The Hagerty Group** will be allocated to the **its** members of **The Hagerty Group**, including us. Accordingly, we will be required to pay income taxes on our allocable share of any net taxable income of **THG The Hagerty Group**. Under the terms of **the The Hagerty Group, LLC Agreement**, **THG The Hagerty Group** is obligated to make tax distributions to the **its** members, of **The Hagerty Group** (including us ), calculated at certain assumed tax rates. In addition to tax expenses, we will also incur **operational** expenses related to our operations, including payment **and administrative** obligations under the TRA (and the cost of administering such payment obligations), which could be significant. We intend to cause **THG The Hagerty Group** to make distributions to the **its** members of **The Hagerty Group** in amounts sufficient to cover all applicable taxes (calculated at **certain** assumed tax rates) and payments under the TRA ; However **however**, **THG' The Hagerty Group's** ability to make such distributions may be subject to various limitations and restrictions including, but not limited to, restrictions on distributions **in that would either violate violation of any contract or agreement to which The Hagerty Group is its financing covenants** then a party, including debt agreements, or any applicable law, or that would have the effect of rendering **THG The Hagerty Group** insolvent, **or pursuant to other applicable law**. If our cash resources are insufficient to meet our obligations under the TRA and to fund our obligations, we **(i) may be required to incur additional indebtedness to provide the liquidity needed to make such payments, or (ii) may be unable to make payments under the TRA, in which case such payments will be deferred and accrue interest until paid or constitute defaults for non- payment, any of** which could materially adversely affect our liquidity and financial condition and subject us to various restrictions imposed by any such lenders. **To the extent that we are unable to make payments under the TRA for any reason, such payments will be deferred and will accrue interest until paid; provided, however, that nonpayment for a specified period may constitute a breach of a material obligation under the TRA and therefore accelerate payments due under the TRA.** Hagerty, Inc. is required to pay Legacy Unit Holders and any other **party** persons that become parties to the TRA for certain tax benefits we may receive and the amounts payable may be substantial. In connection with the consummation of the **Business business Combination-combination that formed Hagerty, Inc. in 2021**, Hagerty, Inc. entered into a TRA with HHC and Markel (" Legacy Unit Holders"). **THG The Hagerty Group** intends to have in effect an election under Section 754 of the Internal Revenue Code (" IRC") for each taxable year in which TRA exchanges occur, which is expected to result in adjustments to the tax basis of the assets of **THG The Hagerty Group** as a result of such TRA exchanges. The TRA generally provides for the payment by Hagerty, Inc. to Legacy Unit Holders of 85 % of the cash tax benefits, if any, realized as a result of (i) tax basis adjustments resulting from TRA exchanges in connection with or following the **Business business Combination-combination that formed Hagerty, Inc. in 2021**, (ii) certain other tax benefits related to entering into the TRA, including tax benefits attributable to making payments under the TRA. We expect that the payments required under the TRA could be substantial. Estimating the amount and timing of realization of tax benefits subject to the TRA is by its nature imprecise. Payments under the TRA will be based on the tax reporting positions determined, and the Internal Revenue Service (" IRS") or another tax authority may challenge all or a part of the existing tax basis, tax basis increases, or other tax attributes subject to the TRA, and a court could sustain such challenge. The parties to the TRA will not reimburse Hagerty, Inc. for any payments previously made if such tax basis or other tax benefits are subsequently disallowed, except that any excess payments made to a party under the TRA will be netted against future payments otherwise to be made under the TRA, if any, after the determination of such excess. In addition, the TRA provides that if **Hagerty, Inc. ( 1-i ) Hagerty, Inc.** breaches any material obligations under the TRA (including **making late** in the event payments are more than three months late under the TRA, subject to certain exceptions), ( **2-ii** ) **Hagerty, Inc.** is subject to **certain** bankruptcy, insolvency or similar proceedings, or ( **3-iii** ) **at any time, Hagerty, Inc. may elect elects** an early termination of the TRA, the obligations under the TRA (with respect to all **THG The Hagerty Group** units, whether or not such units have been exchanged or redeemed before or after such transaction ), **would accelerate and become payable in a lump sum , in an** amount equal to the present value of the anticipated future tax benefits calculated based on certain assumptions, including that Hagerty, Inc. would have sufficient taxable income to fully utilize the deductions arising from the tax deductions, tax basis and other tax attributes subject to the TRA. The TRA also provides that, upon certain changes of control or other significant transactions, **in at** the discretion of HHC and Markel, obligations under the TRA may be accelerated and become payable in a lump sum, **calculated** as described above. **Such acceleration would be based on certain assumptions, including that Hagerty, Inc. would have sufficient taxable income to fully utilize the increased tax deductions and tax basis and other benefits covered by the TRA.** As a result, upon any acceleration of the obligations under the TRA (including a change of control), Hagerty, Inc. could be required to make payments under the TRA that are greater than 85 % of actual cash tax savings, which could negatively impact liquidity. The change of control provisions in the TRA may also result in situations where HHC and Markel have interests that differ from or are in addition to those of our Class A stockholders. To the extent we receive tax distributions in excess of our actual tax liabilities and retain such excess cash, HHC and Markel may benefit from such accumulated cash balances if they exercise their exchange rights. Under the terms of **the The Hagerty Group LLC Agreement**, **THG The Hagerty Group** is obligated to make tax distributions to the **its** members of **The Hagerty Group** calculated at certain assumed tax rates. **Tax** Because tax distributions will **generally** be made pro rata based on ownership **and ; however, tax distributions may significantly exceed the actual tax liability for certain members in certain circumstances including, but not limited to, (i)** due to, among other items, differences between the tax rates applicable to us and the assumed **individual income tax rate rates** used in the **for purposes of such distribution** calculation, and **(ii) by virtue of** requirements under the applicable tax rules that **THG' The Hagerty Group's** net taxable income be allocated disproportionately to **certain of** its unit holders in certain circumstances, tax distributions may significantly exceed the actual tax liability for certain **The Hagerty Group** unit holders. If

Hagerty, Inc. retains the excess cash we receive, Markel and HHC could benefit from any value attributable to such accumulated cash balances as a result of their rights under the Exchange Agreement with the Legacy Unit Holders. **THG does not intend** if The Hagerty Group were to become a publicly traded partnership taxable as a corporation for U. S. federal income tax purposes, we and The Hagerty Group might be subject to potentially significant tax inefficiencies, and we would not be able to recover payments previously made by us under the TRA even if the corresponding tax benefits were subsequently determined to have been unavailable due to such status. The Hagerty Group intends **to intend** to operate such that it **would not become treated as** a publicly traded partnership taxable as a corporation for U. S. federal income tax purposes. A "publicly traded partnership" is a partnership the interests of which are listed for trading on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. Applicable U. S. Treasury regulations provide for certain safe harbors from treatment as a publicly traded partnership, and The Hagerty Group, **although THG** intends to operate **to such that it will qualify under** for one or more of such safe harbors, **although there may be situations where it is** may be unable to do so. If **THG** The Hagerty Group were to become a publicly traded partnership taxable as a corporation for U. S. federal income tax purposes, **we and THG might be subject to potentially** significant tax inefficiencies might result for Hagerty, Inc. and **we** for The Hagerty Group, for example, if Hagerty, Inc. is not able to file a consolidated U. S. federal income tax return with The Hagerty Group. In addition, Hagerty, Inc. may not be able to realize tax benefits covered under the TRA, and Hagerty, Inc. would not be able to recover any payments previously made **by us** under the TRA, even if the corresponding tax benefits (including any claimed increase in the tax basis of The Hagerty Group's assets) were subsequently determined to have been unavailable **due**. Increases in applicable tax rates, changes in applicable tax laws or disagreements with tax authorities can adversely affect our business, financial condition and results of operations. Hagerty, Inc. will have no material assets other than the interest in The Hagerty Group, which holds, directly or indirectly, all of the operating assets of The Hagerty Group's business. The Hagerty Group, with the exception of certain corporate subsidiaries, will not be subject to U. S. federal or state income tax. Hagerty, Inc. is a U. S. corporation that will be subject to U. S. corporate income tax on our worldwide operations, including our allocable share of any net taxable income of The Hagerty Group. We will be subject to various U. S. federal, state and local taxes, in addition to taxes in other countries. New U. S. laws and policy relating to income and non-income based taxes may have an adverse effect on our business and future profitability. Further, existing U. S. tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. Increases in income tax rates or other changes in income tax laws in any particular jurisdiction in which we operate or are otherwise subject to tax can reduce our after-tax income from such **status** jurisdiction and adversely affect our business, financial condition or results of operations. Existing tax laws have been and could in the future be subject to significant change. We will be subject to reviews, examinations and audits by the IRS and other taxing authorities with respect to income and non-income based taxes. Economic and political pressures to increase tax revenues in jurisdictions in which we operate, or the adoption of new or reformed tax legislation or regulation, may make resolving tax disputes more difficult and the final resolution of tax audits and any related litigation can differ from The Hagerty Group's historical provisions and accruals, resulting in an adverse impact on our business, financial condition or results of operations. Additionally, the provision for income taxes involves a significant amount of judgement regarding the interpretation of relevant facts and laws in the jurisdictions in which we operate. Our income tax expense and recorded tax balances can change significantly between periods due to a number of complex factors including but not limited to, changes in the valuation of our deferred tax assets and liabilities as well as increases or decreases to valuation allowances recorded against our deferred tax assets.

**General Risk Factors** The price of our securities may be volatile or may decline regardless of our operating performance and you could lose all or part of your investment as a result. The trading price of our common stock and warrants is likely to be volatile. The stock market recently has experienced extreme volatility. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. You may not be able to resell your shares or warrants at an attractive price due to a number of factors such as those listed elsewhere in this "Risk Factors" section and this Annual Report, as well as the following:

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- public float and trading volume of our securities is low;
- changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;
- declines in the market prices of stocks generally;
- strategic actions by us or our competitors;
- announcements by us or our competitors of significant contracts, acquisitions, joint ventures, other strategic relationships or capital commitments;
- any significant change in our management;
- changes in general economic or market conditions or trends in our industry or markets;
- changes in business or regulatory conditions, including new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- future sales of our Common Stock or other securities;
- investor perceptions or the investment opportunity associated with our Common Stock relative to other investment alternatives;
- the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;
- the development and sustainability of an active trading market for our Common Stock;
- actions by institutional or activist stockholders;
- changes in accounting standards, policies, guidelines, interpretations or principles; and
- other events or factors, including those resulting from pandemics or epidemics, natural disasters, war, acts of terrorism or responses to these events.

These broad market and industry fluctuations may adversely affect the market price of our Class A Common Stock and Public Warrants, regardless of our actual operating performance. In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation. If securities or industry analysts do not publish research or publish inaccurate or unfavorable research reports about our business, or if they downgrade our stock or our sector, our stock price and trading volume could decline. The trading

market for our Class A Common Stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We will not control these analysts. In addition, some financial analysts may have limited expertise with our business model and operations. Furthermore, if one or more of the analysts who do cover us downgrade our stock or industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on it regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.