

Risk Factors Comparison 2025-03-17 to 2024-03-15 Form: 10-K

Legend: New Text ~~Removed Text~~ Unchanged Text Moved Text Section

The risk factors listed in this section and other factors noted herein could cause actual results to differ materially from those contained in any forward- looking statements or could result in a significant or material adverse effect on the Company’ s results of operations. **RISKS RELATED TO THE COMPANY’ S BUSINESS** Adverse changes in economic conditions, especially those related to real estate activity, may negatively impact the Company’ s results of operations and financial condition. The demand for the Company’ s title insurance, exchange services, and other real estate transaction products and services varies from year to year and is dependent upon, among other factors, the volume of residential and commercial real estate transactions and mortgage financing transactions. The volume of these transactions has historically been influenced by factors such as the overall state of the economy, the average price level of real estate sales, housing inventory, unemployment levels, and the availability and pricing of mortgage financing. Real estate activity generally decreases when the economy is weak or uncertain, home prices are increasing, housing inventory is limited, the availability of mortgage credit is limited, or mortgage interest rates are increasing. The cyclical nature of the Company’ s business has caused in the past, and is currently causing, volatility in revenue and profitability and could do so in the future. Demand for title insurance also depends in part upon the requirement by mortgage lenders and other participants in the secondary mortgage market that title insurance policies be obtained on residential and commercial real property. The Company faces challenges in accurately predicting the consequences of occurrences such as inflation, recession, geopolitical and military conflicts, or political tensions preventing Congress from reaching timely agreements on **matters impacting the economy such as** future increases or suspension of the debt ceiling. These situations could exacerbate market volatility and economic uncertainty. The Company could be affected by these events in various ways, including but not limited to fluctuations in its investment portfolio and potential decreases in net premiums written. The Company could also be impacted by the governmental responses to such circumstances, such as the Federal Open Market Committee (“ FOMC ”) of the Federal Reserve raising the target federal funds rate. Although the federal funds rate does not directly impact mortgage interest rates, it can have a significant influence as lenders pass on the costs of rate increases to consumers. Higher mortgage interest rates have historically had a negative impact on the demand and pricing of real estate ; ~~which has and could continue to adversely affect the Company’ s operations and financial condition. Net premiums written for the Company decreased during certain periods of 2023 due to an overall decline in the level of real estate transaction volumes resulting from higher average mortgage interest rates.~~ The Company may experience material losses resulting from fraud, defalcation or misconduct. Underwriting agents and approved settlement providers, which can include issuing agents and approved attorneys, perform a significant portion of the work necessary to issue the Company’ s title insurance policies. These agents and providers operate with a substantial degree of independence from the Company, subject to certain contractual limitations. There is no guarantee that all title agents and approved providers will comply with contractual limitations, and, due to ~~changes in~~ the regulatory environment and trends in litigation, the Company could be held liable for their actions. As a result, the Company’ s use of title agents and approved providers could result in claims on the Company’ s policies and other expenses due to fraud and negligence. Fraud, defalcation, errors and other misconduct by the Company’ s agents, approved attorneys and employees are risks inherent in the Company’ s business. Agents and approved attorneys typically handle large sums of money in trust pursuant to the closing of real estate transactions. Misappropriation of funds by any of these parties could result in title claims, some of which could be large and have a material negative impact on the Company’ s results of operations and financial condition. The Company relies upon the North Carolina, Texas, South Carolina ~~and~~, Georgia **and Florida** markets for a significant portion of its premiums. Changes in the economic or regulatory environments in these states could have an adverse impact on the Company. North Carolina, Texas, South Carolina ~~and~~, Georgia **, and Florida** are the largest sources of premium revenue for the Company’ s title insurance subsidiaries. In ~~2023~~ **2024**, these states represented ~~37.34~~ **45**%, ~~27.09~~ **9.8** ~~3~~ **8**% ~~and~~, ~~7.6~~ **and 7.8** ~~2~~% of total premiums written by the Company, respectively. A decrease in the level of real estate activity in these states, whether driven by weak economic conditions, changes in regulatory environments or other factors that influence demand, could have a negative impact on the Company’ s financial results ~~. Some of these markets, like the overall real estate market, experienced during 2023, and may continue to experience, an overall decline in the level of real estate transaction volumes resulting from higher average mortgage interest rates.~~ Adverse deviation of actual claims experience from expected claims experience will result in lower net earnings. The Company’ s net income is affected by the extent to which its actual claims experience differs from the assumptions used in establishing the reserve for claims. The reserve for claims is established based on actuarial estimates of future payments for reported claims, as well as claims which have been incurred but not yet reported. In addition, management considers factors such as the Company’ s historical claims experience, case reserve estimates on reported claims, large claims and other relevant factors in determining loss provision rates and the aggregate recorded expected liability for claims. Due to the nature of the underlying risks and the high degree of uncertainty associated with the estimation of the reserve for claims, the Company cannot determine precisely the amounts which it will ultimately pay to settle its claims. Factors contributing to the complexity in establishing reserves can include varying loss potentials, timing, unfavorable market or economic conditions and the legal environment. The timing of claims is difficult to estimate as payments may not occur until well into the future. Higher levels of defaults and foreclosures upon insured properties are more prevalent in times of unfavorable economic conditions and can lead to an increase in title insurance claims. The Company may also incur higher than normal claim payment experience or large losses. To the extent that actual claims experience is greater than estimated, the Company could be required to increase the reserve. Competition affects the Company’ s results of operations.

The title insurance industry is highly competitive with only a few insurers comprising a large percentage of the market. Key competitive factors are quality of service, price within regulatory parameters, expertise, timeliness and the financial strength and size of the insurer. Title insurance underwriters compete for premiums by choosing various distribution channels which may include company- owned operations, independent agents and agency relationships with real estate attorneys, subsidiaries of community and regional lending institutions, realtors, builders and other settlement service providers. Title insurance underwriters compete for agents on the basis of service, technology and commission levels. Some title insurers currently have greater financial resources, larger distribution networks and more extensive computerized databases of property records and information than the Company. The number and size of competing companies varies in the different geographic areas in which the Company operates, and any reductions to current regulatory barriers within any of the different geographic areas could increase the number of competitors entering into the title insurance market. Competition among the major providers of title insurance or the acceptance of alternative products to traditional title products by the regulatory authorities and the marketplace could adversely affect the Company's operations and financial condition. Competition for exchange services comes from other title insurance companies and agents, banks, attorneys, and other independently- owned, qualified intermediaries that offer exchange services. Key elements that affect competition are price, expertise, timeliness and quality of service and the financial strength and size of the exchange service provider. Exchange services are not a regulated industry; there is no market data available regarding the Company's market position in this industry. The Company may encounter difficulties managing growth, which could adversely affect its operating results. The Company's future growth plans involve expansion into new geographic locations and further penetration into established markets through new or existing agents, or through acquisitions **or joint ventures**. Such growth may subject the Company to associated risks, such as diverting management's attention, incurring unanticipated liabilities from an acquired business, difficulty integrating an acquired entity, or retaining its employees or customers and realization of synergies. The occurrence of any of these risks may deprive the Company of some or all of the anticipated value of an acquisition or other growth initiatives, resulting in lower returns on investments and result in a negative impact on the Company's results of operations. These risks could be particularly significant if the Company incurs significant costs in pursuing an acquisition or other initiatives. The Company depends on its ability to attract and retain key personnel and agents, and its inability to do so could adversely affect its business. Competition for skilled and experienced personnel in the Company's industry is high, and the success of the Company is substantially dependent on its ability to attract and retain such personnel. The Company may have difficulty hiring and retaining the necessary marketing and management personnel to support future growth plans. Also, the Company's results of operations and financial condition could be adversely affected if it is unsuccessful in attracting and retaining new agents. Mortgage lending is highly concentrated and changes in relationships with lenders or reform of government- sponsored entities could adversely affect the Company. Large mortgage lenders and government- sponsored entities, because of their significant role in the mortgage process, have significant influence over the Company and other service providers. Refusal by major market lenders to accept the Company's product offerings could have a material adverse effect on the Company. Furthermore, government- sponsored entities, the Federal National Mortgage Association (" Fannie Mae ") and the Federal Home Loan Mortgage Corporation (" Freddie Mac "), often require the purchase of title insurance for home loans they securitize. Any alterations made by these regulatory entities, such as modifying the requirements for title insurance or allowing the use of alternative products in lieu of title insurance, could impact the entire mortgage loan process and, as a result, could impact the demand for title insurance. In addition, the federal government has had discussions about the possible reform of Fannie Mae and Freddie Mac. The timing and results of reform are currently unknown; however, changes to these entities could adversely impact the Company and its results of operations. Unfavorable economic or other conditions could cause the Company to record impairment charges for all or a portion of its goodwill and other intangible assets. As a result of acquisition activity, the Company has goodwill and other intangible assets that comprise approximately 4.9-5% of total assets as of December 31, 2023-2024. Quarterly, the Company performs an impairment analysis that reviews changes in events or circumstances that could lead to the carrying value not being recoverable. Economic downturns or poor performance of the acquisitions could result in the Company recognizing an impairment of a portion or all of the goodwill and intangible assets on the Company's books, which could have a material adverse effect on the Company's results of operations and financial condition.

RISKS RELATED TO REGULATORY AND COMPLIANCE MATTERS The Company's insurance subsidiaries are subject to complex government regulations. Changes in regulations may have an adverse effect on the Company's results of operations. The Company's title insurance subsidiaries are subject to extensive regulations that are intended to protect policyholders and consumers. The Company's title insurance subsidiaries are subject to regulations by the CFPB, created by the Dodd- Frank Act. The CFPB has extensive regulatory and enforcement authority over real estate and mortgage markets, including RESPA, the primary federal regulatory guidance governing the real estate settlement industry. The manner and extent to which the CFPB will implement new regulations is not fully known; however, any new regulations implemented could result in changes to internal processes, including changes to systems and forms. **Leadership transitions at the CFPB under the new presidential administration may result in changes that could affect the title insurance industry.**

In addition to federal regulation, title insurance subsidiaries are subject to state regulations. The nature and extent of state regulations, which vary from state to state, typically involve, among other matters, licensing and renewal requirements and trade and marketing practices, including, but not limited to, the following: • licensing of insurers and agents; • capital and surplus requirements; • approval, regulation or establishment of premium rates for insurance; • limitations on types and amounts of investments; • limitations on the size of risks that may be insured by a single company; • filing of annual and other reports with respect to financial condition; • the amount of dividends and other payments made by insurance subsidiaries; • establishing reserves; • accounting and financing practices; • deposits of securities for the benefit of policyholders; • trade and marketing practices; • regulation of reinsurance; • approval of policy forms; and • use of personal information, including cybersecurity regulations. Insurance holding companies are subject to periodic examinations and the regulation of acquisitions, intercompany

transactions and changes in control, among other regulations, by state regulators. The Company and its subsidiaries are also subject to certain federal regulations established by the Office of the Comptroller of Currency, the Federal Reserve and various other governmental agencies. The Company's other businesses also operate within state and federal guidelines. Any changes in the regulatory environment could restrict its existing or future operations and could possibly make it more burdensome and costly to conduct them. New regulations, or differing interpretations of existing laws, could change business processes, products and services and have a negative impact on the Company's results of operations and financial condition. A downgrade from a rating agency could result in a loss of underwriting business. The competitive positions of title insurance companies rely partly on ratings published by independent rating services. Government-sponsored entities and lending institutions utilize these ratings, among other items, to evaluate a title insurer's strength and stability. The Company's title insurance subsidiaries are currently rated by A. M. Best Company and Demotech, Inc. The ratings issued by independent rating agencies are not credit ratings, but represent the opinion of the individual rating agency regarding the title insurance subsidiaries' financial strength, operating performance, and ability to meet policyholder obligations. These insurer ratings are subject to periodic review and there can be no assurance that the Company's insurance subsidiaries will maintain their current respective ratings. A significant downgrade in the ratings of either of the Company's insurance subsidiaries could negatively impact the ability to compete for new business, retain existing business and maintain the necessary licenses to operate as title insurance companies in various states. Title insurance rate regulation could have an adverse impact on the Company's results of operations. Rates for title insurance vary by state and are subject to extensive regulation. Statutes generally provide that rates must not be excessive, inadequate or unfairly discriminatory. The process of implementing a rate change in most states involves pre-approval by the applicable state insurance regulator. These regulations could impact the Company's ability to adjust prices in the face of rapidly changing market conditions, which could adversely affect results of operations. Regulatory investigations of the title insurance industry by governmental entities could adversely impact the Company's results of operations. The title insurance industry is subject to scrutiny by both federal and state regulators focusing on violations of state insurance codes, RESPA and similar state and federal laws, among others. The Company's insurance subsidiaries occasionally receive inquiries from regulators involving market conduct. Future inquiries could lead to fines for violations, settlements with regulating authorities that could result in fines or requirements to pay claims, and the potential for further regulation. The results of future inquiries could adversely affect the Company's results of operations and financial condition. The Company relies on distributions from its subsidiaries. The Company is an insurance holding company and it has no substantial operations of its own. Its principal assets are investments in its operating subsidiaries, primarily its insurance subsidiaries. The Company's ability to pay dividends and meet its obligations is dependent, among other factors, on the ability of its subsidiaries to pay dividends or repay intercompany loans. The Company's insurance subsidiaries are subject to regulations that limit the amount of dividends, loans or advances they may make to the Company. The restriction on these amounts is based on the amount of the insurance subsidiaries' unassigned surplus and net income, with certain adjustments. Additionally, these subsidiaries are required to maintain minimum amounts of capital, surplus and reserves. As of December 31, 2023-2024, approximately \$ 113-118. 0-2 million of consolidated shareholders' equity represented the net assets of the Company's subsidiaries that cannot be transferred in the form of dividends, loans or advances to the Company. In general, dividends in excess of prescribed limits are deemed "extraordinary" and require prior approval by the appropriate regulatory body. In addition, the Company's ability to pay dividends may be constrained by business considerations, such as the impact of dividends on insurer ratings or competitive position. These dividend restrictions could limit the Company's ability to pay dividends to its shareholders or fund growth opportunities.

Changes being proposed and implemented by the new presidential administration are expected to fundamentally alter the size and scope of the federal government through reduction of the federal work force and the potential reduction, change in direction or possible elimination of, various government agencies and programs. The new presidential administration is proposing and seeking to implement significant changes to the size and scope of the federal government. These changes may include reductions to government funding of various programs and agencies, alteration of the payment systems it uses, changes in policy direction, reduction and possible elimination of various federal agencies and bureaus and reduction of the overall federal government workforce. These changes, if implemented and taken as a whole, appear unprecedented and may have impacts on the economy as a whole or different regions or segments of the economy or asset classes which are difficult to predict at this time. Accordingly, it is possible that such comprehensive changes could adversely affect the Company's results of operations and financial condition.

RISKS RELATED TO INVESTMENTS AND DEPOSITS Deterioration in financial markets may cause a decline in the performance of the Company's investments and could have a material adverse impact on net income. The Company derives a substantial portion of its income from its investment portfolio that primarily includes fixed maturity securities, equity securities and short-term investments. The Company's investment policy is designed to comply with regulatory requirements and to balance the competing objectives of asset quality and investment returns. The Company's investment portfolio is subject to risk from changes in general economic conditions, prices of marketable fixed maturity securities and equity securities, interest rates, liquidity, credit markets, and other external factors. The risk of loss is increased during periods of economic uncertainty and tight credit markets as these factors could limit the ability of some issuers to repay their debt obligations. Fixed maturity securities and equity securities are carried at estimated fair value on the Company's Consolidated Balance Sheets. Changes in the estimated fair value of fixed maturity securities are recorded as a component of accumulated other comprehensive income. Fixed maturity securities are regularly reviewed for differences between the cost and estimated fair value of each security for factors indicating impairment that would result in the value of the investment being written down. ~~Unrealized holding gains and losses on~~ **Changes in the estimated fair value of equity securities security investments** are reported in the Consolidated Statements of Operations as net investment gains (losses), without regard to impairment. ~~Changes~~ **Fluctuations** in the estimated fair value of securities in the Company's investment portfolio could have a material adverse effect on the Company's results of operations and financial condition.

Financial institution failures could adversely affect the Company. The Company has substantial deposits with financial institutions, including fiduciary deposits that are owned by third parties. There is no guarantee the Company, whether through the Federal Deposit Insurance Corporation or otherwise, would recover the funds it has deposited should one or more of the financial institutions at which the Company maintains deposits fail.

RISKS RELATED TO CYBERSECURITY, TECHNOLOGY AND RISK MANAGEMENT

Breaches and failures of, and other disruptions to, information technology systems of the Company or its service providers may disrupt the Company's operations, result in monetary losses and harm the Company's reputation. The Company relies on information technology ("IT") systems for a wide range of activities involved in the delivery of its products and services, including, but not limited to, the following:

- process title insurance applications and policy issuances;
- perform due diligence on land titles;
- manage substantial cash, investment assets, bank deposits, trust assets and escrow account balances on behalf of the Company and its customers;
- manage billing, collections and payables, including insurance premiums and agent commissions;
- manage accounting and financial reporting; and
- manage payroll and human resources information.

The Company's IT systems may be disrupted or fail, and information stolen or otherwise misappropriated, for a number of reasons, including, but not limited to:

- hacking, computer viruses, malware, ransomware or other cyberattacks;
- software "bugs", hardware defects or human error;
- natural disasters, like fires, or pandemics; or
- power loss.

Any of these events could disrupt operations both internally and externally, which may result in the loss of revenues. These events could also result in the unauthorized release of proprietary and / or non- public information, or even defalcation of corporate or client funds. Like all companies, the Company's IT systems have been, and likely will continue to be, the target of computer viruses, cyberattacks, phishing attacks and other malicious activity. While the Company has not experienced a known material breach to date, the occurrence or scope of such events is not always immediately apparent and there can be no assurance that the Company will not suffer additional attacks or incur serious financial consequences or expense in the future. The Company invests resources in maintaining the security of its systems and adapting to evolving security threats. There is, however, no guarantee that its security measures will be adequate to prevent all cyberattacks. There is similarly no guarantee that the Company's backup systems or disaster recovery procedures will be adequate to mitigate losses due to IT system disruptions in a timely fashion, and the Company may incur significant expense in correcting IT system emergencies. The Company's reputation may also be damaged in the event of a serious IT breach or failure. Furthermore, as technology develops, and as cybercriminals become more capable, the difficulty and expense of maintaining IT security and redundancy may increase. To the extent the Company's IT systems store non- public personal information, and **information data** about its employees, **customers, and shareholders**, security breaches may expose the Company to other serious liabilities and reputational harm if such data is misappropriated. Non- public personal information may include, but is not limited to, names, addresses, social security numbers, and banking information. Additionally, future or past business transactions (such as acquisitions or integrations) could expose the Company to additional cybersecurity risks and vulnerabilities, as the Company's systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. In conducting its business and delivering its products and services, the Company also utilizes service providers. These service providers and the IT systems they utilize are typically subject to similar types of risks that the Company faces. The Company provides certain of these service providers with data, including non- public personal information. There is no guarantee that the Company's due diligence or ongoing vendor oversight will be sufficient to ensure the integrity and security of the systems utilized by these service providers or the protection of the information that resides thereon. Furthermore, the Company is required by law and by certain contracts, particularly contracts with financial institutions, to notify various parties, consumers and customers in the event that confidential or personal information may have been or was accessed by unauthorized third parties. Such an event could potentially result in a breach of contract, and any required notifications could result in, among other things, the loss of customers, negative publicity, distraction of management, fines, lawsuits for breach of contract, regulatory inquiries or involvement and a decline in sales. The Company seeks to mitigate the financial risk associated with unauthorized disclosure of non- public information by maintaining cyber liability insurance coverage. As cybercriminals continue to become more sophisticated, the costs to insure against cyberattacks have risen and may continue to rise in the future. The Company's coverage under its cyber liability insurance policy may be insufficient to cover all losses that the Company may incur in connection with an unauthorized disclosure of non- public information. Any inability of the Company or its service providers to prevent or adequately respond to the issues described above could disrupt the Company's business, delay or impact the delivery of its products and services, inhibit its ability to retain existing customers or attract new customers, divert management's time and energy, otherwise harm its reputation and / or result in financial losses, litigation, regulatory inquiries, increased costs or other adverse consequences that could be material to the Company. Errors and fraud involving the transfer of funds may adversely affect the Company. The Company relies on its systems, employees and banks to transfer its own funds and the funds of third parties. These transfers are susceptible to user input error, fraud, system interruptions and other similar errors that could result in lost funds or delayed transactions. The Company's email and computer systems, along with systems used by other parties involved in the transactions, have been subject to, and are likely to continue to be the target of, fraudulent attacks, including attempts to cause the improper transfer of funds. Funds transferred to a fraudulent recipient are often not recoverable and, in certain instances, the Company may be liable for those unrecovered funds. These attacks have increased in frequency and sophistication. The controls and procedures used by the Company to prevent transfer errors and fraud may prove inadequate, resulting in financial losses, reputational harm, loss of customers or other adverse consequences which could be material to the Company. The Company may encounter difficulties managing system or technological changes, which could adversely affect its financial and operating results. Technological changes in the title insurance industry are driven primarily by evolution in technology, competitive factors and regulatory changes. These changes have resulted in faster information delivery and efficient, highly automated production processes. The inability of the Company to manage, develop or successfully implement new systems or technological changes could negatively impact profitability. Policies and procedures for the

mitigation of risk may not be sufficient. The Company has policies and procedures in place to help identify, analyze, and measure the risks associated with the issuance of title insurance policies, investment risks, interest rate risks and legal risks, among others. In evaluating risks, the Company considers enterprise risk management, information technology risk management, disaster recovery, business continuity, and vendor risk management. Because a significant degree of judgment is involved with the establishment of policies and processes as well as the measurement of risks, it is possible not all risks have been identified or anticipated. Misidentified or unanticipated risks could adversely impact the Company and its results of operations. **RISKS RELATED TO THE EFFECTS OF CLIMATE CHANGE, SEVERE WEATHER CONDITIONS, POTENTIAL PANDEMICS, HEALTH CRISES, OR OTHER CATASTROPHIC EVENTS** Our business could be adversely affected by climate change, severe weather conditions, potential pandemics, health crises, or the occurrence of another catastrophic event. Climate change, extreme weather conditions and catastrophic events, such as future pandemic diseases, natural disasters and terrorist attacks, could have a material adverse effect on the Company's future results of operations and financial condition. The Company's business operations could be impacted, including availability of key Company personnel or the Company's information technology systems, by volatility of real estate prices, significant climate migration, and disruptions to the real estate environment or financial markets. Given the unpredictable nature of these events with respect to size, severity, duration and geographic location, it is not currently possible to quantify the ultimate impact that they may have on the Company's business. **RISKS RELATED TO OWNING THE COMPANY'S COMMON STOCK** Certain provisions in the Company's organizational law, North Carolina law, organizational documents, and the Company's shareholder rights plan may deter or discourage a takeover of the Company. The Company's articles of incorporation, as amended (the "Articles") and amended and restated bylaws (the "Bylaws") contain certain provisions that could delay, prevent or discourage transactions involving actual or potential changes of control, including transactions that may involve payment of a premium over prevailing market prices to the Company's common shareholders. In addition, the Company has adopted a shareholder rights plan (the "Plan"). The provisions in the Company's organizational documents and the rights set forth in the Plan are not intended to prevent a takeover of the Company, and the Company believes these protective measures are beneficial to the Company and its shareholders in the event of negotiations with a potential acquirer. These provisions are described in further detail in "Description of the Company's Securities" incorporated by reference as Exhibit 4.1 to this Annual Report on Form 10-K. The Company's Bylaws provide that, unless the Company consents in writing to the selection of an alternative forum, the state courts of North Carolina will be the sole and exclusive forum for substantially all disputes between the Company and its shareholders. The Bylaws provide that, unless the Company consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought in the name or right of the Company or on its behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of Company to the Company or its shareholders, (iii) any action asserting a claim arising pursuant to any provision of the North Carolina Business Corporation Act (the "NCBCA"), the Articles, or the Bylaws, (iv) any action to interpret, apply, enforce, or determine the validity of the Articles or the Bylaws, or (v) any action asserting a claim governed by the internal affairs doctrine, including, without limitation, any action to interpret, apply, enforce or determine the validity of the Articles or the Bylaws, shall be the state courts of North Carolina in and for Orange County, North Carolina, subject to designation or assignment to the North Carolina Business Court (or, if no state court located within the State of North Carolina has jurisdiction, the United States District Court for the Middle District of North Carolina). The Bylaws also provide that, notwithstanding the foregoing, (a) the provisions described above will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, and (b) unless the Company consents in writing to the selection of an alternative forum, the federal district courts shall, to the fullest extent permitted by law, be the exclusive forum for the resolution of any complaint asserting a cause of action against the Company or any director, officer, employee, or agent of the Company and arising under the Securities Act (however, there is uncertainty as to whether a court would enforce such provision, and investors cannot waive compliance with federal securities laws and the rules and regulations thereunder). The choice of forum provision may limit a shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company or its directors, officers or other employees and may also result in increased costs for shareholders to bring any such claim, which may discourage such lawsuits against the Company and its directors, officers, and other employees. If a court were to find the choice of forum provision contained in the Bylaws to be inapplicable or unenforceable in an action, the Company may incur additional costs associated with resolving such action in other jurisdictions, which could harm the Company's business, results of operations, and financial condition. Even if the Company is successful in defending against these claims, litigation could result in substantial costs and be a distraction to management and other employees.