

Risk Factors Comparison 2024-02-29 to 2023-03-08 Form: 10-K

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We are subject to certain risks and uncertainties in our business operations which are described below. The risks and uncertainties described below are not the only risks we face. Additional risks and uncertainties that are not presently known or are currently deemed immaterial may also impair our business, results of operations and financial condition. Risks Related to our Businesses A portion of our assets are illiquid or have limited liquidity, which may limit our ability to sell those assets at favorable prices or at all and creates uncertainty in connection with valuing such assets. Our assets include equity securities, real estate, non-controlling interests in credit assets and related equity interests which may be illiquid or have limited liquidity. It may be difficult for us to dispose of assets with limited liquidity rapidly, or at favorable prices, if at all. In addition, assets with limited liquidity may be more difficult to value and may be sold at a substantial discount or experience more volatility than more liquid assets. We may not be able to dispose of assets at the carrying value reflected in our financial statements. Our results of operations and cash flows may be materially and adversely affected if our determinations regarding the fair value of our illiquid assets are materially higher than the values ultimately realized upon their disposal. Our investment in Invesque shares is subject to market volatility. As of December 31, ~~2022~~ 2023, we owned 16.98 million shares, or approximately 30%, of Invesque, a real estate investment company that specializes in health care real estate and senior living property investment throughout North America. The value of our Invesque shares is reported at fair market value on a quarterly basis and fluctuates. A loss in the fair market value of our Invesque shares could have a material adverse effect on our financial condition and results of operations. To the extent we determine to sell all or a portion of our Invesque shares, there can be no assurance that we will be able to do so on a timely basis or at acceptable prices. We operate in highly competitive markets for business opportunities and personnel, which could impede our growth and negatively impact our results of operations. We operate in highly competitive markets for business opportunities in each of our areas of focus. Many of our competitors have financial, personnel and other resource advantages relative to us and may be better able to react to market conditions. These factors may place us at a competitive disadvantage in successfully competing for future business opportunities and personnel, which could impede our growth and negatively impact our business, financial condition and results of operations. Our insurance subsidiaries face competition from other specialty insurance companies, standard insurance companies and underwriting agencies, as well as from diversified financial services companies that are larger than we are and that have greater financial, marketing, personnel and other resources than we do. Many of these competitors have more experience and market recognition than our insurance subsidiaries. In addition, it may be difficult or prohibitively expensive for our insurance subsidiaries to implement technology systems and processes that are competitive with the systems and processes of these larger companies. In particular, competition in the insurance industry is based on many factors, including price of coverage, general reputation and perceived financial strength, relationships with brokers, terms and conditions of products offered, ratings assigned by independent rating agencies, speed of claims payment and reputation, and the experience and reputation of the members of an underwriting team in the particular lines of insurance they seek to underwrite. In recent years, the insurance industry has undergone increasing consolidation, which may further increase competition. A number of new, proposed or potential industry or legislative ~~or~~ industry developments could further increase competition in the insurance industry. These developments include: • an increase in capital raising by companies in the industry, which could result in new entrants to the insurance markets and an excess of capital in the industry; and • the deregulation of commercial insurance lines in certain states and the possibility of federal regulatory reform of the insurance industry, which could increase competition from standard carriers. Our insurance subsidiaries may not be able to continue to compete successfully in one or more insurance markets. Increased competition in these markets could result in a change in the supply and demand for insurance, affect our insurance subsidiaries' ability to price their products at risk-adequate rates and retain existing business, or underwrite new business on favorable terms. If this increased competition limits our insurance subsidiaries' ability to transact business, their results of operations would be adversely affected. Additionally, our E & S insurance operations cover risks that are typically more complex and unusual than standard risks and require a high degree of specialized underwriting. As a result, E & S risks do not often fit the underwriting criteria of standard insurance carriers, and are generally considered higher risk than those covered in the standard market. If our underwriting staff inadequately judges and prices the risks associated with the business underwritten in the E & S market, our financial results could be adversely impacted. Warburg exerts substantial influence on Fortegra, potentially in a manner that is not in Tiptree's shareholders' interests. Warburg acquired an approximate 24% ownership in Fortegra on an as converted basis from us as part of the WP Transaction and has contractual consent rights over Fortegra, including but not limited to certain acquisitions or dispositions, a sale or change of control of Fortegra that does not achieve certain thresholds, an initial public offering that does not achieve certain gross proceeds thresholds, incurrence of certain indebtedness, the issuance of equity senior in right to shares of Fortegra common or preferred stock, or amendments to the terms thereof, affiliated or related party transactions and transactions between Fortegra and us, any hiring or firing of certain management of Fortegra, and any material change in the nature of the business conducted by Fortegra. Warburg would also have pro rata representation on the Fortegra board of directors. As a result of their substantial ownership in Fortegra, Warburg may exert a substantial influence on Fortegra, potentially in a manner that is not in Tiptree's shareholder's interests. We are exposed to risks associated with acquiring or divesting businesses or business operations. We regularly evaluate strategic acquisition opportunities for growth. Acquired companies and operations may have unforeseen operating difficulties and may require greater than expected financial and other resources. In addition, potential issues associated with acquisitions could among other things, include: • our ability to realize the

full extent of the benefits, synergies or cost savings that we expect to realize as a result of the completion and integration of an acquisition within the anticipated time frame, or at all; • receipt of necessary consents, clearances and approvals in connection with the acquisition; • diversion of management' s attention from other strategies and objectives; • motivating, recruiting and retaining executives and key employees; and • conforming and integrating financial reporting, standards, controls, procedures and policies, business cultures and compensation structures. If an acquisition is not successfully completed or integrated into our existing operations, our business, results of operations and financial condition could be materially adversely effected. We have also divested, and may in the future divest, businesses or business operations. Any divestitures may involve a number of risks, including the diversion of management' s attention, significant costs and expenses, the loss of customer relationships and cash flow, and the disruption of the affected business or business operations. Failure to timely complete or to consummate a divestiture may negatively affect the valuation of the affected business or business operations or result in restructuring charges. We may need to raise additional capital in the future or may need to refinance existing indebtedness, but there is no assurance that such capital will be available on a timely basis, on acceptable terms or at all. We may need to raise additional funds or refinance our indebtedness in order to grow our business or fund our strategy or acquisitions. Additional financing may not be available in sufficient amounts, if at all, or on terms acceptable to us and may be dilutive to existing stockholders. Additionally, any securities issued to raise such funds may have rights, preferences and privileges senior to those of our existing stockholders. We also cannot predict the extent and duration of future economic and market disruptions, the impact of government interventions into the market to address these disruptions and their combined impact on our industries, businesses and our insurance subsidiaries' investment portfolios. If adequate funds are not available on a timely basis, if at all, or on acceptable terms, our ability to expand, develop or enhance our subsidiaries' services and products, enter new markets, consummate acquisitions or respond to competitive pressures could be materially limited. The amount of statutory capital and reserve requirements applicable to our insurance subsidiaries can increase due to factors outside of our control. Our insurance subsidiaries are subject to regulation by state and, in some cases, foreign insurance authorities with respect to statutory capital, reserve and other requirements, including statutory capital and reserve requirements established by applicable insurance regulators based on RBC and Solvency II formulas. In any particular year, these requirements may increase or decrease depending on a variety of factors, most of which are outside our control, such as the amount of statutory income or losses generated, changes in equity market levels, the value of fixed- income and equity securities in the subsidiary' s investment portfolio, changes in interest rates and foreign currency exchange rates, as well as changes to the RBC and Solvency II formulas used by insurance regulators. The laws of the various states in which our insurance subsidiaries operate establish insurance departments and other regulatory agencies with broad powers to preclude or temporarily suspend our insurance subsidiaries from carrying on some or all of these activities or otherwise fine or penalize our insurance subsidiaries in any jurisdiction in which we operate. Such regulation or compliance could reduce our insurance subsidiaries' profitability or limit their growth by increasing the costs of compliance, limiting or restricting the products or services they sell, or the methods by which they sell services and products, or subject them to the possibility of regulatory actions or proceedings. Additionally, increases in the amount of additional statutory reserves that our insurance subsidiaries are required to hold could have a material adverse effect on our business, results of operations, financial condition and cash flows. Our insurance subsidiaries' actual claims losses may exceed their reserves for claims, which may require them to establish additional reserves that may materially and adversely affect their business, results of operations and financial condition. Our insurance subsidiaries maintain reserves to cover their estimated ultimate exposure for claims with respect to reported claims, and incurred, but not reported, claims as of the end of each accounting period. Reserves, whether calculated under GAAP or statutory accounting principles, do not represent an exact calculation of exposure. Instead, they represent our insurance subsidiaries' best estimates, generally involving actuarial projections, of the ultimate settlement and administration costs for a claim or group of claims, based on our assessment of facts and circumstances known at the time of calculation. The adequacy of reserves will be impacted by future trends in claims severity, frequency, judicial theories of liability and other factors. These variables are affected by external factors such as changes in the economic cycle, unemployment, inflation, judicial trends, legislative changes, as well as changes in claims handling procedures. Many of these items are not directly quantifiable, particularly on a prospective basis. Reserve estimates are refined as experience develops. Adjustments to reserves, both positive and negative, are reflected in the statement of operations of the period in which such estimates are updated. Because the establishment of reserves is an inherently uncertain process involving estimates of future losses, we can give no assurances that ultimate losses will not exceed existing claims reserves. In general, future loss development could require reserves to be increased, which could have a material adverse effect on our insurance subsidiaries' business, results of operations and financial condition. Performance of our insurance subsidiaries' investment portfolio is subject to a variety of investment risks. Our insurance subsidiaries' results of operations depend significantly on the performance of their investment portfolio. We manage our insurance subsidiaries' portfolio of investments along with one or more additional advisers. Such investments are subject to general economic conditions and market risks in addition to risks inherent to particular securities and risks relating to the performance of our investment advisers. Our primary market risk exposures are to changes in interest rates. See " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosures About Market Risk. " Prior to 2022, interest rates **were had been** at or near historic lows for an extended period of time. A protracted low interest rate environment places pressure on our insurance subsidiaries' net investment income, which, in turn, would have a material adverse effect on our profitability. During 2022 **and 2023** , interest rates increased **rapidly and** significantly, which caused a significant decrease in the value of our fixed income securities, the majority of which were unrealized and recorded in equity. Future increases in interest rates could cause the values of our insurance subsidiaries' fixed income securities portfolios to decline further, with the magnitude of the decline depending on the duration of securities included in our insurance subsidiaries' portfolio and the amount by which interest rates increase. Some fixed income securities have call or prepayment options, which create possible reinvestment risk in declining rate

environments. Other fixed income securities, such as mortgage-backed and asset-backed securities, carry prepayment risk or, in a rising interest rate environment, may not prepay as quickly as expected when purchased, which can affect the value of these securities and the amount and timing of cash flows therefrom. The value of our insurance subsidiaries' investment portfolio is also subject to the risk that certain investments may default or become impaired due to deterioration in the financial condition of one or more issuers of the securities our insurance subsidiaries' 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 maturities may also have a significant negative effect on the market valuation of such securities. Such factors could reduce our insurance subsidiaries' net investment income and result in realized investment losses. Our insurance subsidiaries' investment portfolio is subject to increased valuation uncertainties when investment markets are illiquid. The valuation of investments is more subjective when markets are illiquid, thereby increasing the risk that the estimated fair value (i. e., the carrying amount) of the securities our insurance subsidiaries' hold in their portfolio does not reflect prices at which actual transactions would occur. The performance of our insurance subsidiaries' investments also depends heavily on our skills and those of our insurance subsidiaries' other investment advisers, in analyzing, selecting and managing the investments. Our insurance subsidiaries' investment policy establishes investment parameters such as maximum percentages of investment in certain types of securities and minimum levels of credit quality and is designed to manage investment risk. Achievement of our insurance subsidiaries' investment objectives will depend, in part, on our ability and other investment advisers' ability to provide competent, attentive and efficient services to our insurance subsidiaries' portfolio under the terms of the respective investment management agreement and to successfully manage their investment risk. There can be no assurance that, over time, we or our insurance subsidiaries' other investment advisers will be able to provide services on that basis or that we or they will be able to invest such assets on attractive terms or generate any investment returns for stockholders or avoid investment losses. Our insurance subsidiaries' investment objectives may not be achieved and results may vary substantially over time. In addition, although we and our insurance subsidiaries' other investment advisers seek to employ investment strategies that are not correlated with our insurance subsidiaries' insurance and reinsurance exposures, losses in their investment portfolio may occur at the same time as underwriting losses. Our The performance of our insurance subsidiaries' investment portfolio is highly dependent on the financial and managerial experience of certain investment professionals associated with our insurance subsidiaries' investment advisers, none of whom are under any contractual obligation to our insurance subsidiaries to continue to be associated with such investment advisers. The loss of one or more of these individuals could have a material adverse effect on the performance of our insurance subsidiaries' investment portfolio. A shift in our insurance subsidiaries' investment strategy could increase the riskiness of our insurance subsidiaries' investment portfolio and the volatility of our results, which, in turn, may have a material adverse effect on our profitability. Our insurance subsidiaries' investment strategy has historically been largely focused on fixed income securities which are subject to less volatility but also lower returns as compared to certain other asset classes. In the future, our insurance subsidiaries' investment strategy may include a greater focus on investments in equity securities, which are subject, among other things, to changes in value that may be attributable to market perception of a particular issuer or to general stock market fluctuations that affect all issuers. Investments in equity securities may be more volatile than investments in other asset classes such as fixed income securities. Common stocks generally subject their holders to more risks than preferred stocks and debt securities because common stockholders' claims are subordinated to those of holders of preferred stocks and debt securities upon the bankruptcy of the issuer. An increase in the riskiness of our insurance subsidiaries' investment portfolio could lead to volatility of our results, which, in turn, may have a material adverse effect on our profitability. Our insurance subsidiaries could be forced to sell investments to meet their liquidity requirements. Our insurance subsidiaries invest a portion of the premiums they receive from their insureds until they are needed to pay policyholder claims. Consequently, our insurance subsidiaries seek to manage the duration of their investment portfolio based on the duration of their losses and loss adjustment expenses reserves to ensure sufficient liquidity and avoid having to liquidate investments to fund claims. Risks such as inadequate losses and loss adjustment expenses reserves or unfavorable trends in litigation could potentially result in the need to sell investments to fund these liabilities. Our insurance subsidiaries may not be able to sell their investments at favorable prices or at all. Sales could result in significant realized losses depending on the conditions of the general market, interest rates and credit issues with individual securities. Cybersecurity attacks, technology breaches or failures of our or our third-party service providers' information systems could disrupt our various business operations and could result in the loss of critical and personally identifiable information, which could result in the loss of reputation and customers, reduce profitability, subject our businesses to fines, penalties and litigation and have a material adverse effect on our business' s results of operation, financial condition and cash flows. Tiptree' s businesses are highly dependent upon the effective operation of their information systems and those of their third-party service providers and their ability to collect, use, store, transmit, retrieve and otherwise process personally identifiable information and other data, manage significant databases and expand and upgrade their information systems. Our businesses rely on these systems for a variety of functions, including marketing and selling their products and services, performing their services, managing their operations, processing claims and applications, providing information to customers, performing actuarial analyses and maintaining financial records. Some of these systems may include or rely on third-party systems not located on their premises or under their control. The interruption or loss of their information processing capabilities, or those of their third-party service providers, through cybersecurity attacks, computer hacks, theft, malicious software, phishing, employee error, ransomware, malware, denial-of-service attacks, social engineering, viruses, worms, other malicious software programs, the loss of stored data, programming errors, the breakdown or malfunctioning of computer equipment or software systems, telecommunications and electrical failure or damage caused by weather or natural disasters, war, catastrophes, terrorist attacks, industrial accidents or any other significant disruptions or security breaches could harm our businesses by hampering their ability to generate revenues and could negatively affect their partner relationships, competitive position and reputation. In addition, our business' s information systems may be vulnerable to physical or electronic intrusions,

computer viruses or other attacks which could disable their information systems and their security measures may not prevent such attacks. **Such information systems are additionally vulnerable to security incidents from inadvertent or intentional actions by our employees, third-party vendors, contractors, consultants, business partners, or other third parties, or from cyberattacks by malicious third parties.** There are numerous and evolving risks to cybersecurity and privacy from cyber threat actors, including criminal hackers, state-sponsored intrusions, industrial espionage and employee malfeasance. There is also a potential heightened risk of cybersecurity incidents as a result of geopolitical events outside of our control, such as the ongoing Russia- Ukraine conflict, **as well as other geographical conflicts.** Global cybersecurity threats can range from uncoordinated individual attempts to gain unauthorized access to our IT systems and those of our business partners or third-party service providers to sophisticated and targeted measures known as advanced persistent threats. These cyber threat actors are becoming more sophisticated and coordinated in their attempts to access IT systems and data, including the IT systems of cloud providers and third parties with whom our businesses conduct or may conduct business. Although our businesses devote significant resources to prevent, detect, address and mitigate unwanted intrusions and other threats and protect their systems and data, whether such data is housed internally or by external third parties, such internal controls may not be adequate or successful in protecting against all security breaches and cybersecurity attacks, social-engineering attacks, computer break-ins, theft and other improper activity. Our businesses have experienced immaterial cybersecurity incidents and they and their third-party service providers will likely continue to experience cybersecurity incidents of varying degrees. Because the techniques used to obtain unauthorized access or to sabotage systems change frequently **and,** generally are not recognized until launched against a target **and can originate from a wide variety of sources,** our businesses and the third parties with whom they do business may be unable to anticipate these techniques or to implement adequate preventative measures **effective against all such security threats.** With the increasing frequency of cyber-related ~~frauds~~ **fraud** to obtain inappropriate payments and other threats related to cybersecurity attacks, our businesses may find it necessary to expend resources to remediate cyber-related incidents or to enhance and strengthen their cybersecurity. Such remediation efforts may not be successful and could result in interruptions, delays or cessation of service. Our businesses have also implemented physical, administrative and logical security systems with the intent of maintaining the physical security of their facilities and systems and protecting their and their customers' confidential and personally identifiable information against unauthorized access through their information systems or by other electronic transmission or through misdirection, theft or loss of data. Despite such efforts, they **have in the past, and may in the future,** be subject to a breach of their security systems that results in unauthorized access to their facilities or the information they are trying to protect. Anyone who is able to circumvent their security measures or those of their third-party service providers and penetrate their information systems could access, view, misappropriate, alter, destroy, misuse or delete any information in such systems, including personally identifiable information and proprietary business information (their own or that of third parties) or compromise their control networks or other critical systems and infrastructure, resulting in disruptions to their business operations or access to their financial reporting systems. While our businesses have implemented business contingency plans and other reasonable plans to protect their systems, sustained or repeated system failures or service denials could severely limit their ability to write and process new and renewal business, provide customer service or otherwise operate in the ordinary course of business. In addition, most states require that customers be notified if a security breach results in the disclosure of personally identifiable customer information and the trend toward general public notification of such incidents could exacerbate the harm to our companies' business, financial condition and results of operations. Any failure, interruption or compromise of the security of our business' s information systems or those of their third-party service providers that result in inappropriate disclosure of such information could result in, among other things, significant financial losses, unfavorable publicity and damage to their reputation, governmental inquiry and oversight, difficulty in marketing their services, loss of customers, significant civil and criminal liability related to legal or regulatory violations, litigation and the incurrence of significant technical, legal and other expenses, any of which may have a material adverse effect on their business, results of operations, financial condition and cash flows. **Additionally, the costs related to significant security breaches or disruptions could be material and cause our businesses to incur significant expenses, and any cybersecurity insurance that our businesses may have in place may not cover such expenses.** In some cases, our businesses rely on the safeguards put in place by third parties to protect against security threats. These third parties, including vendors that provide products and services for their operations, could also be a source of security risk to them in the event of a failure or a security incident affecting such third parties' own security systems and infrastructure. **If the information technology systems of our business' s third-party service providers become subject to disruptions or security breaches, our businesses may have insufficient recourse against such third parties and our businesses may have to expend significant resources to mitigate the impact of such an event and to develop and implement protections to prevent future events of this nature from occurring.** Our business' s network of ecosystem partners could also be a source of vulnerability to the extent their applications interface with our businesses, whether unintentionally or through a malicious backdoor. Our businesses do not review the software code included in third-party integrations in all instances. Our insurance business is dependent on independent financial institutions, lenders, distribution partners, agents, brokers and retailers for distribution of its products and services, and the loss of these distribution sources, or their failure to sell our insurance business' s products and services could materially and adversely affect its business, results of operations and financial condition and cash flows. Our insurance business is dependent on independent financial institutions, lenders, distribution partners, agents, brokers and retailers to distribute its products and services and its revenue is dependent on the level of business conducted by such distributors as well as the effectiveness of their sales efforts, each of which is beyond our insurance business' s control because such distributors typically do not have any minimum performance or sales requirements. Further, although its program arrangements with these distributors can be exclusive, they can be canceled on relatively short notice. Therefore, our insurance business' s growth is dependent, in part, on its ability to identify and attract new distribution relationships and successfully integrate its information systems with those of its new distributors. The impairment

of our insurance business' s distribution relationships, the loss of a significant number of its distribution relationships, the failure to establish new distribution relationships, the failure to offer increasingly competitive products, the increase in sales of competitors' services and products by these distributors or the decline in distributors' overall business activity or the effectiveness of their sales of our insurance business' s products could materially reduce our insurance business' s sales and revenues and have a material adverse effect on its business, results of operations, financial condition and cash flows. Our insurance business may lose distributors or business as a result of consolidation within the financial services industry or otherwise. There has been considerable consolidation in the financial services industry, driven primarily by the acquisition of small and mid- size organizations by larger entities. We expect this trend to continue. Our insurance business may lose business or suffer decreased revenues if one or more of its significant distributors consolidate or align themselves with other companies. While our insurance business has not been materially affected by consolidation to date, it may be affected by industry consolidation that occurs in the future, particularly if any of its significant clients are acquired by organizations that already possess the operations, services and products that it provides. A downgrade in our insurance subsidiaries' claims paying ability or financial strength ratings could increase policy surrenders and withdrawals, adversely affecting relationships with distributors and reducing new policy sales. Participants in the insurance industry use ratings from independent ratings agencies, such as A. M. Best and KBRA, as an important means of assessing the financial strength and quality of insurers, including their ability to pay claims. In setting its ratings, A. M. Best and KBRA perform quantitative and qualitative analyses of a company' s balance sheet strength, operating performance and business profile. A. M. Best financial strength ratings range from " A " (Superior) to " F " for insurance companies that have been publicly placed in liquidation. KBRA' s ratings range from AAA (extremely strong) to R (under regulatory supervision). Currently, A. M. Best has assigned a financial strength of " A- " (Excellent) (Outlook Stable) and KBRA has assigned a financial strength rating of " A - " (Outlook Stable) to our insurance subsidiaries. A. M. Best and KBRA assign ratings that are intended to provide an independent opinion of an insurance company' s ability to meet its obligations to policyholders. These analyses include comparisons to peers and industry standards as well as assessments of operating plans, philosophy and management. A. M. Best and KBRA periodically review our insurance subsidiaries' financial strength ratings and may, at their discretion, revise downward or revoke their ratings based primarily on their analyses of our insurance subsidiaries' balance sheet strength (including capital adequacy and loss adjustment expense reserve adequacy), operating performance and business profile. **Other independent ratings agencies may also assign our insurance subsidiaries' financial strength ratings in the future, and these ratings may be below expectations.** Factors that could affect such analyses include: • if our insurance subsidiaries change their business practices from their organizational business plan in a manner that no longer supports A. M. Best' s or KBRA' s ratings ; • if unfavorable financial, regulatory or market trends affect our insurance subsidiaries, including excess market capacity ; • if our insurance subsidiaries' losses exceed their loss reserves ; • if our insurance subsidiaries have unresolved issues with government regulators ; • if our insurance subsidiaries are unable to retain their senior management or other key personnel ; • if our insurance subsidiaries' investment portfolio incurs significant losses ; or • if A. M. Best or KBRA alters its capital adequacy assessment methodology in a manner that would adversely affect our insurance subsidiaries' ratings. These and other factors could result in a downgrade of our insurance subsidiaries' financial strength ratings. A downgrade or withdrawal of our insurance subsidiaries' ratings could result in any of the following consequences, among others: • causing our insurance subsidiaries' current and future distribution partners and insureds to choose other, more highly- rated competitors ; • increasing the cost or reducing the availability of reinsurance to our insurance subsidiaries ; or • severely limiting or preventing our insurance subsidiaries from writing new and renewal insurance contracts. In addition, in view of the earnings and capital pressures experienced by many financial institutions, including insurance companies, it is possible that rating organizations will heighten the level of scrutiny that they apply to such institutions, will increase the frequency and scope of their credit reviews, will request additional information from the companies that they rate or will increase the capital and other requirements employed in the rating organizations' models for maintenance of certain ratings levels. We can offer no assurance that our insurance subsidiaries' ratings will remain at their current levels. It is possible that such reviews of our insurance subsidiaries may result in adverse ratings consequences, which could have a material adverse effect on our insurance subsidiaries' business, results of operations, financial condition and cash flows. If market conditions cause reinsurance to be more costly or unavailable, our insurance subsidiaries may be required to bear increased risks or reduce the level of their underwriting commitments. Our insurance subsidiaries' reinsurance facilities are generally subject to annual renewal. They may not be able to maintain their current reinsurance facilities and their customers may not be able to continue to operate their captive reinsurance companies. As a result, even where highly desirable or necessary, they may not be able to obtain other reinsurance facilities in adequate amounts and at favorable rates. If our insurance subsidiaries are unable to renew their expiring facilities or to obtain or structure new reinsurance facilities, either their net exposures would increase or, if they are unwilling to bear an increase in net exposures, they may have to reduce the level of their underwriting commitments. Either of these potential developments could have a material adverse effect on their business, results of operations, financial condition and cash flows. Our insurance subsidiaries' failure to accurately pay claims in a timely manner could have a material adverse effect on their business, results of operations, financial condition and cash flows. Our insurance subsidiaries must accurately and timely evaluate and pay claims that are made under their policies. Many factors affect their ability to pay claims accurately and timely, including the training and experience of their claims representatives, including their distribution partners, the effectiveness of their management, and their ability to develop or select and implement appropriate procedures and systems to support their claims functions and other factors. Their failure to pay claims accurately and timely could lead to regulatory and administrative actions or material litigation, undermine their reputation in the marketplace and have a material adverse effect on their business, financial condition, results of operations and cash flows. In addition, if our insurance subsidiaries do not manage their distribution partners effectively, or if their distribution partners are unable to effectively handle their volume of claims, their ability to handle an increasing workload could be adversely affected. In

addition to potentially requiring that growth be slowed in the affected markets, our insurance subsidiaries' business could suffer from decreased quality of claims work which, in turn, could have a material adverse effect on their operating margins. Our insurance subsidiaries may incur losses if reinsurers are unwilling or unable to meet their obligations under reinsurance contracts. Our insurance subsidiaries use reinsurance to reduce the severity and incidence of claims costs, and to provide relief with regard to certain reserves. Under these reinsurance arrangements, other insurers assume a portion of our losses and related expenses; however, we remain liable as the direct insurer on all risks reinsured. Consequently, reinsurance arrangements do not eliminate our obligation to pay claims and we assume credit risk with respect to our ability to recover amounts due from reinsurers. The inability or unwillingness of any reinsurer to meet its financial obligations could negatively affect our business, results of operations, financial condition and cash flows. As credit risk is generally a function of the economy, our insurance subsidiaries face a greater credit risk in an economic downturn. While our insurance subsidiaries attempt to manage credit risks through underwriting guidelines, collateral requirements and other oversight mechanisms, their efforts may not be successful. For example, to reduce such credit risk, our insurance subsidiaries require certain third parties to post collateral for some or all of their obligations to them. In cases where our insurance subsidiaries receive letters of credit from banks as collateral and one of their counterparties is unable to honor its obligations, our insurance subsidiaries are exposed to the credit risk of the banks that issued the letters of credit. New lines of business, new products and services or new geographic markets may subject our insurance subsidiaries to additional risks. From time to time, our insurance subsidiaries may implement new lines of business or offer new products and services within existing lines of business, or as well as expand into new geographic markets. In addition, our insurance subsidiaries will continue to make investments in development and marketing for new products and services. There are substantial risks and uncertainties associated with these efforts. In developing and marketing new lines of business, and/or new products or services and/or expansions into new geographic markets, our insurance subsidiaries may invest significant time and resources. Initial timetables for the development and introduction of new lines of business and/or new products or services and/or expansions into new geographies, may not be achieved and price and profitability targets may not prove feasible. Furthermore, new lines of business and/or new product or service offerings may not gain market acceptance. **Our insurance subsidiaries also may not gain market acceptance in new geographies.** External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service. Furthermore, the burden on management and our insurance subsidiaries' IT of introducing any new line of business and/or new product or service and/or new geographic market could have a significant impact on the effectiveness of their system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or new products or services could have a material adverse effect on our insurance subsidiaries' business, financial condition, results of operations and cash flows. If our insurance subsidiaries fail to manage future growth effectively, their business, results of operations, financial condition and cash flows would be harmed. Our insurance subsidiaries have expanded their operations significantly and anticipate that further expansion will be required in order for them to significantly grow their business. In particular, they may require additional capital, systems development and skilled personnel. Their growth has placed and may continue to place increasing and significant demands on their management, operational and financial systems and infrastructure and their other resources. If our insurance subsidiaries do not effectively manage their growth, the quality of their services could suffer, which could harm their business, results of operations, financial condition and cash flows. In order to manage future growth, they may need to hire, integrate and retain highly skilled and motivated employees. Our insurance subsidiaries may not be able to hire new employees quickly enough to meet their needs. If they fail to effectively manage their hiring needs and successfully integrate new hires, their efficiency and their employee morale, productivity and retention could suffer, and their business, results of operations, financial condition and cash flows could be harmed. They may also be required to continue to improve their existing systems for operational and financial management, including their reporting systems, procedures and controls. These improvements may require significant capital expenditures and place increasing demands on their management. They may not be successful in managing or expanding their operations or in maintaining adequate financial and operating systems and controls. If they do not successfully implement any required improvements in these areas, their business, results of operations, financial condition and cash flows could be harmed. The effects of emerging claim and coverage issues on our insurance subsidiaries' business are uncertain. As industry practices and economic, legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may have a material adverse effect on our insurance subsidiaries' business by either extending coverage beyond their underwriting intent or by increasing the number or size of claims. In some instances, these emerging issues may not become apparent for some time after they have issued the affected insurance policies. As a result, the full extent of liability under their insurance policies may not be known until many years after the policies are issued. In addition, the potential passage of new legislation designed to expand the right to sue, to remove limitations on recovery, to extend the statutes of limitations or otherwise to repeal or weaken tort reforms could have an adverse impact on their business. The effects of these and other unforeseen emerging claim and coverage issues are difficult to predict and could harm their business and have a material adverse effect on their results of operations. Our insurance subsidiaries' international operations expose them to investment, political and economic risks, including foreign currency and credit risk. Our insurance subsidiaries' expanding international operations in the United Kingdom, continental Europe and the Asia-Pacific region, expose them to increased investment, political and economic risks, including foreign currency exchange rate risk with certain assets and liabilities, and credit risk. Changes in the value of the U. S. dollar relative to the value of the British Pound Sterling, Euro and other currencies in the jurisdictions in which they operate could have a material adverse effect on their business, results of operations, financial condition and cash flows. Their investments in non-U. S.-denominated assets are subject to fluctuations in non-U. S. securities and currency markets, and those markets can be volatile. Non-U. S. currency fluctuations also affect the value of any dividends paid by their non-U. S. subsidiaries to their parent companies in the United States. **Our insurance**

subsidiaries use AI, machine learning and statistical models to assist their decision-making in key areas, such as underwriting, claims, reserving, and catastrophe risk, but actual results could differ materially from the model outputs and related analyses. Our insurance subsidiaries use various modeling techniques, including Stochastic, Bayesian statistics, classification, regression, clustering and other advanced machine learning techniques along with data analytics to analyze and estimate loss trends and other risks associated with their underwriting and claims operations. Our insurance subsidiaries use the modeled outputs and related analyses to assist them in certain decisions involving underwriting, pricing, claims, reserving, reinsurance, and catastrophe risk. As with many technological innovations, AI and machine learning present risks and challenges that could affect their adoption, and therefore our insurance subsidiaries' business. The assumptions used in deriving modeled outputs and related analyses are subject to uncertainties, model errors and the limitations of historical internal and industry data. In addition, the modeled outputs and related analyses may from time to time contain inaccuracies, which could have a material adverse effect on our insurance subsidiaries' results of operations, if, based upon these models, they misprice their products, underestimate the frequency and / or severity of loss events, or overestimate the risks they are exposed to. Persistent inaccuracies may adversely impact new business growth and retention of our insurance subsidiaries' existing clients which could have a material adverse effect on our insurance subsidiaries' results of operations and financial condition. Additionally, there are significant risks involved in developing and deploying AI, such as an increase in intellectual property infringement or misappropriation, data privacy, cybersecurity, operational and technological risks, harmful content, accuracy, bias, toxicity and discrimination, any of which could affect our insurance subsidiaries' further development, adoption, and use of AI, and may cause them to incur additional research and development costs to resolve such issues. In addition, no assurance can be provided that the usage of such AI will enhance our insurance subsidiaries' business or assist in being more efficient or profitable. The introduction of AI technologies into new or existing products may result in new or enhanced governmental or regulatory scrutiny, litigation, confidentiality or security risks, ethical concerns, or other complications that could adversely affect our insurance subsidiaries' results of operations and financial condition. It is not possible to predict all of the risks related to the use of AI, and changes in laws, rules, directives and regulations governing AI may adversely affect our insurance subsidiaries' ability to develop and use AI or subject them to legal liability.

Our businesses could be adversely affected by the loss of one or more key executives or by an inability to attract and retain qualified personnel. The success of our businesses depend on their ability to attract and retain experienced personnel and seasoned key executives who are knowledgeable about their industry and business. The pool of talent from which they actively recruit is limited and may fluctuate based on market dynamics specific to their industry and independent of overall economic conditions. As such, higher demand for employees having the desired skills and expertise could lead to increased compensation expectations for existing and prospective personnel, making it difficult for them to retain and recruit key personnel and maintain labor costs at desired levels. Should any of their key executives cease to be employed by them, or if they are unable to retain and attract talented personnel, they may be unable to maintain their current competitive position in the specialized markets in which they operate, which could have a material adverse effect on their results of operations. Our insurance subsidiaries' continued growth depends in part on their ability to continue to grow their customer base. Increasing the customer base of our insurance subsidiaries will depend, to a significant extent, on their ability to effectively expand their sales and marketing activities, as well as their partner ecosystem and other customer referral sources. They may not be able to recruit qualified sales and marketing personnel, train them to perform and achieve an acceptable level of sales production from them on a timely basis or at all. If our insurance subsidiaries are unable to maintain effective sales and marketing activities and maintain and expand their partner network, their ability to attract new customers could be harmed and their business, results of operations, financial condition and cash flows would suffer. Our insurance subsidiaries may not be able to effectively start up or integrate new program opportunities, and they may invest in new program opportunities or initiatives that are ultimately unsuccessful. Our insurance subsidiaries' ability to grow their business depends, in part, on their creation, implementation and acquisition of new insurance programs that are profitable and fit within their business model. New program launches as well as resources to integrate business acquisitions are subject to many obstacles, including ensuring they have sufficient business and systems processes, determining appropriate pricing, obtaining reinsurance, assessing opportunity costs and regulatory burdens and planning for internal infrastructure needs. If they cannot accurately assess and overcome these obstacles or they improperly implement new insurance programs, their ability to grow profitably will be impaired. Additionally, they may be unsuccessful in identifying new program opportunities, or they may be unable to develop or market new programs or initiatives in a timely or cost-effective manner. In addition, new programs or initiatives may not achieve the market penetration or price levels necessary for profitability. If they are unable to develop timely enhancements to, and new features for, their existing programs and services or if they are unable to develop new programs and services, their programs and services may become less marketable and less competitive, and their business, results of operations, financial condition and cash flows would be harmed. If our businesses are unable to maintain a high level of service, their business, results of operations, financial condition and cash flows may be harmed. One of the key attributes of our various businesses is providing high quality service to their partners and customers. They may be unable to sustain these levels of service, which would harm their reputation and our business. Alternatively, they may only be able to sustain high levels of service by significantly increasing their operating costs, which would materially and adversely affect their results of operations. The level of service they are able to provide depends on their personnel to a significant extent. Their personnel must be well-trained in their processes and able to handle customer calls effectively and efficiently. Any inability of their personnel to meet service level demands, whether due to absenteeism, training, turnover, disruptions at their facilities, including due to health emergencies, such as pandemics, bad weather, power outages or other reasons, could adversely impact their business. If they are unable to maintain high levels of service performance, their reputation could suffer and their business, results of operations, financial condition and cash flows would be harmed. Our business' s results of operations have in the past

varied from quarter to quarter and may not be indicative of our long- term prospects. Our business’ s results of operations are subject to fluctuation and have historically varied from quarter to quarter. We expect our quarterly results to continue to fluctuate in the future due to a number of factors, including the general economic conditions in the markets where we operate, the frequency, occurrence or severity of catastrophic or other insured events or otherwise, fluctuating interest rates, claims exceeding our insurance subsidiaries’ loss reserves, competition in the industries in which our subsidiaries operate, deviations from expected renewal rates of existing policies and contracts, adverse investment performance and the cost of reinsurance coverage. In particular, our insurance subsidiaries seek to underwrite products and make investments to achieve favorable returns on tangible stockholders’ equity over the long- term. In addition, their opportunistic nature may result in fluctuations in gross written premiums from period to period as they concentrate on underwriting contracts that they believe will generate better long- term, rather than short- term, results. Accordingly, their short- term results of operations may not be indicative of their long- term prospects. The industries in which our businesses operate are cyclical in nature. The financial performance of the insurance industry has historically fluctuated with periods of lower premium rates and excess underwriting capacity resulting from increased competition (a “ soft market ”) followed by periods of higher premium rates and reduced underwriting capacity resulting from decreased competition (a “ hard market ”). **Our commercial Soft markets occur when the supply of insurance capital in a given market or territory is greater than the amount of insurance coverage demanded by all potential insureds in that market. When this occurs, insurance prices tend to decline and policy terms and conditions become more favorable to insureds. Conversely, hard markets occur when there is not enough insurance capital capacity in the market to meet the needs of potential insureds, causing insurance prices to generally rise and policy terms and conditions to become more favorable to insurers. Although an individual insurance company’ s financial performance depends on its own specific business characteristics, the profitability of most P & C insurance companies tends to follow this cyclical these hard and soft market cycles pattern . Further, We seek to isolate ourselves from these trends by utilizing reinsurance and adjusting retention rates through cycles. Because this market cyclicality is due in large part..... in the rates they charge. This cyclical market pattern can be more pronounced in the E & S market than in the standard insurance market. When the standard insurance market hardens, the E & S market typically hardens, and growth in the E & S market can be significantly more rapid than growth in the standard insurance market. Similarly, when conditions begin to soften, many customers that were previously driven into the E & S market may return to the admitted –carrier market, exacerbating the effects of rate decreases. Some of We cannot predict the timing or our duration of changes in insurance subsidiaries’ specialty programs are exposed to the these hard and soft market cycle cycles because the cyclicality-, Our insurance subsidiaries’ business generally impacted by P & C commercial market cycles is due primarily reported in large part to the their property actions of our competitors and short- tail, general liability and professional liability lines. Across these lines, they manage various multiline and monoline programs that are impacted in different ways by market cycles. Currently, our insurance subsidiaries believe the following specialty programs and lines of business are in, to varying degrees, a hard market: programs in the property and short- tail lines; within general liability line of business, contractors, excess liability and manufactured home parks programs; and programs in the professional liability line of business. Our insurance subsidiaries seek to limit the potential impact of these trends through their underwriting process that includes, but is not limited to, maintaining a diverse book of business with exposures to various lines, and products, limiting their risk exposures through reinsurance, carefully crafting their underwriting guidelines and monitoring how their distribution partners adhere to those guidelines. Additionally, our insurance subsidiaries believe that other insurance lines, specifically personal lines and alternative risks, are not influenced by the hard and soft market cycles to the same degree as P & C commercial lines. Furthermore, adverse economic factors market cyclicality is due in large part to the actions of our insurance subsidiaries’ competitors and general economic factors, the timing or duration of changes in the market cycle is unknown. We expect these cyclical patterns will cause our insurance subsidiaries’ revenues and net income to fluctuate, which may cause their results of operations, financial condition and cash flows to be more volatile. Furthermore, adverse economic factors, including recession, inflation, periods of high unemployment or lower economic activity, could result in the sale of fewer policies than expected or an increase in the frequency of claims and premium defaults, and even the falsification of claims, or a combination of these effects, which, in turn, could affect our insurance subsidiaries’ growth and profitability. In an economic downturn that is characterized by higher unemployment, declining spending and reduced corporate revenue, the demand for insurance products is generally adversely affected, which directly affects their premium levels and profitability. Negative economic factors may also affect their ability to receive the appropriate rate for the risk they insure with their policyholders and may adversely affect the number of policies they can write, and their opportunities to underwrite profitable business. In an economic downturn, our insurance subsidiaries’ customers may have less need for insurance coverage, cancel existing insurance policies, modify their coverage or not renew the their policies. Existing policyholders may exaggerate or even falsify claims to obtain higher claims payments. These outcomes would reduce their underwriting profit to the extent these factors are not reflected in the Some of our insurance subsidiaries’ lines of business that provide reconstruction, replacement or repair benefits may be negatively affected by higher rates for labor or the cost of replacement parts, and they charge have also experienced temporarily higher claims severities, in particular for their service contracts lines of business. In addition, high inflation may impact the creditworthiness of reinsurers and counterparties that our insurance subsidiaries contract with, which may negatively impact the ability of such parties to make timely payments pursuant to our insurance subsidiaries’ contracts with them . These outcomes would reduce their underwriting profit cyclical patterns cause our revenues and net income to fluctuate, which may cause the extent these factors are not reflected in the rates the they price of charge, including to the extent their distribution partners are unable our- or unwilling common stock to be volatile- effectively implement pricing or coverage to mitigate these impacts .** The financial performance of the mortgage segment largely depends on the health of the U. S. residential real estate industry, which

is seasonal, cyclical, and affected by changes in general economic conditions beyond our control. Economic factors such as increased interest rates, slow economic growth or recessionary conditions, the pace of home price appreciation or the lack of it, changes in household debt levels, and increased unemployment or stagnant or declining wages affect our clients' income and thus their ability and willingness to make loan payments. National or global events affect all such macroeconomic conditions. Weak or a significant deterioration in economic conditions reduce the amount of disposable income consumers have, which in turn reduces consumer spending and the willingness of qualified potential clients to take out loans. As a result, such economic factors affect loan origination volume. If our insurance subsidiaries are not able to maintain and enhance their brand, their business and results of operations will be harmed. Damage to their reputation and negative publicity could have a material adverse effect on their business, results of operations, financial condition and cash flows. We believe that maintaining and enhancing our insurance subsidiaries' brand identity is critical to their relationships with their existing customers and partners and to their ability to attract new customers and partners. They also intend to grow their brand awareness among consumers and potential program partners in order to further expand their reach and attract new customers and program partners. The promotion of their brand in these and other ways may require them to make substantial investments and it is anticipated that, as their market becomes increasingly competitive, these branding initiatives may become increasingly difficult and expensive. Our insurance subsidiaries' brand promotion activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses they incur and their results of operations could be harmed. If they do not successfully maintain and enhance their brand, their business may not grow and they could lose their relationships with customers or partners, which would harm their business, results of operations, financial condition and cash flows. Our insurance subsidiaries may be adversely affected by negative publicity relating to brand and activities. For instance, if their brand receives negative publicity, the number of customers visiting their platforms could decrease, and their cost of acquiring customers could increase as a result of a reduction in the number of consumers coming from their direct customer acquisition channel. Our business' s risk management policies and procedures may prove to be ineffective and leave them exposed to unidentified or unanticipated risk, which could adversely affect their business, results of operations, financial condition or cash flows. Our businesses have developed and continue to develop enterprise- wide risk management policies and procedures to mitigate risk and loss to which they are exposed. There are, however, inherent limitations to risk management strategies because there may exist, or develop in the future, risks that they have not appropriately anticipated or identified. If their risk management policies and procedures are ineffective, they may suffer unexpected losses and could be materially adversely affected. As their business changes and the markets in which they operate evolve, their risk management framework may not evolve at the same pace as those changes. As a result, there is a risk that new products or new business strategies may present risks that are not appropriately identified, monitored or managed. In times of market stress, unanticipated market movements or unanticipated claims experience, the effectiveness of their risk management strategies may be limited, resulting in losses to them. In addition, there can be no assurance that they can effectively review and monitor all risks or that all of their employees will follow their risk management policies and procedures. Moreover, state legislatures and regulators have increased their focus on risks within an insurer' s holding company system that may pose enterprise risk to insurers and within mortgage originators that may pose risk to borrowers. Our insurance and mortgage subsidiaries operate within an enterprise risk management (" ERM ") framework designed to assess and monitor their risks. However, there can be no assurance that they can effectively review and monitor all risks, or that all of their employees will operate within the ERM framework or that their ERM framework will result in their accurately identifying all risks and accurately limiting their exposures based on our business' s assessments. Our insurance subsidiaries may not be able to generate sufficient cash to service all of their indebtedness and may be forced to take other actions to satisfy their obligations under their indebtedness, which may not be successful. Our insurance subsidiaries' ability to make scheduled payments on or refinance their debt obligations depends on their financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond their control. They may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal and interest on their indebtedness. If their cash flows and capital resources are insufficient to fund their debt service obligations, they could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures, or to dispose of material assets or operations, alter their dividend policy, seek additional debt or equity capital or restructure or refinance their indebtedness. They may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow them to meet their scheduled debt service obligations. The instruments that will govern their indebtedness may restrict their ability to dispose of assets and may restrict the use of proceeds from those dispositions and may also restrict their ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. They may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations when due. Our insurance subsidiaries' inability to generate sufficient cash flows to satisfy their debt obligations, or to refinance their indebtedness on commercially reasonable terms or at all, may materially adversely affect their business, results of operations, financial condition and cash flows. Restrictive covenants in the agreements governing our insurance subsidiaries' indebtedness may restrict their ability to pursue their business strategies. The agreements governing our insurance subsidiaries' indebtedness contain a number of restrictive covenants that impose significant operating and financial restrictions on them and may limit their ability to pursue their business strategies or undertake actions that may be in their best interests. The agreements governing their indebtedness include covenants restricting, among other things, their ability to: • incur or guarantee additional debt; • incur liens; • complete mergers, consolidations and dissolutions; • enter into transactions with affiliates; • pay dividends or other distributions; • sell certain of their assets that have been pledged as collateral; and • undergo a change in control. A breach of the covenants under the indenture that governs our insurance subsidiaries' 8.50 % Fixed Rate Resetting Junior Subordinated Notes due in October 2057 (the " Notes ") and Second Amended and Restated Credit Agreement dated as of October 21, 2022 by and among The

Fortegra Group, Inc., Fortegra Financial and Lots Intermediate Co., as borrowers, Fifth Third Bank, N. A., as administrative agent and issuing lender could result in an event of default. Such default may result in the acceleration of any other debt to which a cross- acceleration or cross- default provision applies. In the event our insurance subsidiaries' lenders or noteholders accelerate the repayment of their indebtedness, they and their subsidiaries may not have sufficient assets to repay that indebtedness. As a result of these restrictions, they may be: • unable to raise additional debt or equity financing to operate during general economic or business downturns; or • unable to compete effectively or to take advantage of new business opportunities. These restrictions may affect their ability to grow in accordance with their strategy. In addition, their financial results, substantial indebtedness and credit ratings could materially adversely affect the availability and terms of future financing. Retentions in various lines of business expose our insurance subsidiaries to potential losses. Our insurance subsidiaries retain risk for their own account on business underwritten by their insurance subsidiaries. The determination to reduce the amount of reinsurance they purchase, or not to purchase reinsurance for a particular risk, customer segment or category is based on a variety of factors, including market conditions, pricing, availability of reinsurance, their capital levels and their loss history. Such determinations increase their financial exposure to losses associated with such risks, customer segments or categories and, in the event of significant losses associated with such risks, customer segments or categories, could have a material adverse effect on their business, results of operations, financial condition and cash flows. The exit of the United Kingdom from the European Union could adversely affect our insurance subsidiaries' business. The United Kingdom ceased to be a part of the **EU European Union** on December 31, 2020 (which is commonly referred to as "Brexit"). Aspects of the relationship between the United Kingdom and the EU remain to be negotiated and their relationship will continue to evolve, including with respect to the cross- border provision of products and services and related compliance requirements. The effects of Brexit on our insurance subsidiaries' business will depend on the manner in which it is implemented and any other relevant agreements between the United Kingdom and the EU, among other factors. For example, the United Kingdom ratified a trade and cooperation agreement governing its future relationship with the EU. Among other things, the agreement, which became effective in mid- 2021, addresses trade, economic arrangements, law enforcement, judicial cooperation and governance. Because the agreement merely sets forth a framework in many respects that requires complex additional bilateral negotiations between the United Kingdom and the EU, significant uncertainty remains about how the precise terms of the relationship between the parties will differ from the terms before withdrawal. Because our insurance subsidiaries conduct business in both the United Kingdom and the EU and because they rely on their Malta insurance subsidiary' s ability to conduct business in the United Kingdom, they face risks associated with the uncertainty and disruptions relating to Brexit, including the risk of additional regulatory and other costs and challenges and / or limitations on their ability to sell particular products and services. As a result, the ongoing uncertainty surrounding Brexit could have a material adverse effect on their business (including their European growth plans), results of operations, financial condition and cash flows. **Proposed or potential industry or legislative developments in the E & S market could further increase competition in our insurance subsidiaries' industry and have a material adverse effect on their premiums, underwriting results and profits. A number of new, proposed or potential industry or legislative developments could further increase competition in the E & S market and have a material adverse effect on our insurance subsidiaries' premiums, underwriting results and profits. These developments include: • Changing distribution practices caused by the internet, including shifts in the way in which E & S insurance is purchased by consumers. Our insurance subsidiaries currently depend largely on distribution through third- party agents and brokers. If their distribution model were to be significantly altered by changes in the way E & S insurance is regulated, marketed, or sold including, without limitation, through the use of the internet, it could have a material adverse effect on our insurance subsidiaries' premiums, underwriting results and profits; • Admitted products may be preferred from a regulatory or legislative perspective in certain jurisdictions; and • The market for E & S as compared to admitted products may shift based on the availability of admitted products at competitive prices and consumer, agent or broker preferences, among other factors.** Due to the structure of some of our insurance business' s commissions, it is exposed to risks related to the creditworthiness of some of its independent agents and program partners. Our insurance business is subject to the credit risk of some of the independent agents and program partners with which it contracts to sell its products and services. Our insurance business typically advances commissions as part of its product offerings. These advances are a percentage of the premiums charged. If our insurance business over- advances such commissions, the agents and program partners may not be able to fulfill their payback obligations, which could have a material adverse effect on our insurance ~~business~~ **businesses**, 's results of operations and financial condition. Failure of our insurance subsidiaries' distribution partners to properly market, underwrite or administer policies could adversely affect our insurance subsidiaries. The marketing, underwriting, claims administration and other administration of policies in connection with our insurance subsidiaries' issuing carrier services are the responsibility of their distribution partners. Any failure by them to properly handle these functions could result in liability to our insurance subsidiaries. Even though their distribution partners may be required to compensate them for any such liability, there are risks that they do not pay them because such partners become insolvent or otherwise. Any such failures could create regulatory issues or harm our insurance subsidiaries' reputation, which could have a material adverse effect on their business, results of operations, financial condition and cash flows. Third- party vendors our businesses rely upon to provide certain business and administrative services on their behalf may not perform as anticipated, which could have an adverse effect on their business, results of operations, financial condition and cash flows. Our businesses have taken action to reduce coordination costs and take advantage of economies of scale by transitioning multiple functions and services to third- party providers. They periodically negotiate provisions and renewals of these relationships, and there can be no assurance that such terms will remain acceptable to us or such third parties. If such third- party providers experience disruptions or do not perform as anticipated, or our businesses experience problems with a transition to a third- party provider, they may experience operational difficulties, an inability to meet obligations (including policyholder obligations), a loss of business and increased costs, or suffer other negative

consequences, all of which may have a material adverse effect on their business, results of operations, liquidity and cash flows. Our insurance subsidiaries may act based on inaccurate or incomplete information regarding the accounts they underwrite. Our insurance subsidiaries rely on information provided by insureds or their representatives when underwriting insurance policies. While they may make inquiries to validate or supplement the information provided, they may make underwriting decisions based on incorrect or incomplete information. It is possible that they will misunderstand the nature or extent of the activities or facilities and the corresponding extent of the risks that they insure because of their reliance on inadequate or inaccurate information. Any failure to protect or enforce our insurance subsidiaries' intellectual property rights could impair their intellectual property, technology platform and brand. In addition, they may be sued by third parties for alleged infringement of their proprietary rights. Our insurance subsidiaries' success and ability to compete depend in part on their **ability to establish, maintain, protect and enforce their intellectual property and proprietary rights**, which includes their rights in their technology platform and their brand. Our insurance subsidiaries primarily rely on a combination of **intellectual property rights, such as copyright copyrights, trade secret secrets and trademark trademarks laws and, in addition to confidentiality agreements, procedures and contractual provisions with their employees, customers clients**, service providers, partners and other third parties to **establish, maintain, protect and enforce** their proprietary or confidential information and intellectual property rights. **However, Our insurance subsidiaries also rely on agreements under which they contract to own, or license rights to use, intellectual property developed by employees, contractors and other third parties. In addition, while they generally enter into confidentiality agreements with employees and third parties to protect their trade secrets, know-how, business strategy and other proprietary information, such confidentiality agreements could be breached or otherwise may not provide meaningful protection for their trade secrets and know-how. Similarly, while they seek to enter into agreements with all of their employees who develop intellectual property during their employment to assign the rights in such intellectual property to our insurance subsidiaries, they may fail to enter into such agreements with all relevant employees, such agreements may be breached or may not be self-executing, and they may be subject to claims that such employees misappropriated relevant rights from their previous employers. The steps they take to protect their intellectual property may be inadequate and despite their efforts to protect their proprietary rights and intellectual property, unauthorized parties may attempt to copy aspects of their solutions or to obtain and use information that they regard as proprietary, and third parties may attempt to independently develop similar technology. Policing unauthorized use of their technology and intellectual property rights may be difficult and may not be effective. Litigation brought to protect and enforce their intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of their intellectual property. The litigation process is subject to inherent uncertainties, and they may not prevail in litigation matters regardless of the merits of their position. Further, adequate remedies may not be available in the event of an unauthorized use or disclosure of their trade secrets.**

Additionally, their efforts to enforce their intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability and scope of their intellectual property rights. Our insurance subsidiaries' failure to secure, protect, defend and enforce their intellectual property rights could adversely affect their brand and adversely affect their business. Our insurance subsidiaries' success also depends in part on them not infringing, misappropriating or otherwise violating the intellectual property rights of others. Their competitors and other third parties may own or claim to own intellectual property relating to our insurance subsidiaries' industry and, in the future, may claim that our insurance subsidiaries are infringing, misappropriating or otherwise violating their intellectual property rights, and our insurance subsidiaries may be found to be infringing on such rights. The outcome of any claims or litigation, regardless of the merits, is inherently uncertain. The disposition of any such claims, whether through settlement or licensing discussions or litigation, could cause our insurance subsidiaries to incur significant expenses and, if successfully asserted against them, could require that they pay substantial damages or ongoing royalty payments, prevent them from offering certain of their products and services, require them to change their technology or business practices or require that they comply with other unfavorable terms. Even if our insurance subsidiaries were to prevail in such a dispute, any litigation could be costly and time-consuming, divert the attention of their management and key personnel from their business operations and materially adversely affect their business, financial condition and results of operations. Our businesses employ third-party licensed software, and the inability to maintain these licenses, errors in the software they license or the terms of open source licenses could result in increased costs or reduced service levels, which would adversely affect their business. Our businesses rely on certain third-party software obtained under licenses from other companies and anticipate that they will continue to rely on such third-party software in the future. Although they believe that there are commercially reasonable alternatives to the third-party software they currently license, this may not always be the case, or it may be difficult or costly to replace their existing third-party software. In addition, integration of new third-party software may require significant work and require substantial investment of their time and resources. Our business' s use of additional or alternative third-party software would require them to enter into license agreements with third parties, which may not be available on commercially reasonable terms or at all. Many of the risks associated with the use of third-party software cannot be eliminated, and these risks could negatively impact their respective business. Additionally, some of the software powering our business' s technology systems incorporates software covered by open source licenses. The terms of many open source licenses have not been interpreted by U. S. courts, and there is a risk that the licenses could be construed in a manner that imposes unanticipated conditions or restrictions on their ability to operate their systems. In the event that portions of their proprietary software are determined to be subject to an open source license, they could be required to publicly release the affected portions of their source code, **which could allow our business' s clients and competitors to freely use such source code without compensation to us**, or re-engineer all or a portion of their technology systems, each of which could reduce or eliminate the value of their technology systems. **While our businesses take steps to monitor the use of all software covered by open source licenses in our technology systems to ensure that no such software is used in such a way as to require us**

to disclose the source code to the related technology when they do not wish to do so, such use could inadvertently occur and could harm our businesses, results of operations, financial condition and cash flows. In addition, the source code for open source software is publicly available, which may make it easier for hackers and other third parties to determine how to breach our business' s systems that rely on open source software and may present additional security risks. Such risk could be difficult or impossible to eliminate and could adversely affect our business' s, results of operations, financial condition and cash flows . Such risk could be difficult or impossible to eliminate and could adversely affect our business' s results of operations, financial condition and cash flows. Some of our investments are made jointly with other persons or entities, which may limit our flexibility with respect to such jointly owned investments and could, thereby, have a material adverse effect on our business, results of operations and financial condition and our ability to sell these investments. Some of our current investments are, and future investments may be, made jointly with other persons or entities when circumstances warrant the use of such structures and we may continue to do so in the future. Our participation in such joint investments is subject to the risks that: • we could experience an impasse on certain decisions because we do not have sole decision- making authority, which could require us to expend additional resources on resolving such impasses or potential disputes; • our partners could have investment goals that are not consistent with our investment objectives, including the timing, terms and strategies for any investments; • our partners might become bankrupt, fail to fund their share of required capital contributions or fail to fulfill their obligations as partners, which may require us to infuse our own capital into such venture (s) on behalf of the partner (s) despite other competing uses for such capital; • our partners may have competing interests in our markets that could create conflict of interest issues; • any sale or other disposition of our interest in such a venture may require consents which we may not be able to obtain; • such transactions may also trigger other contractual rights held by a partner, lender or other third- party depending on how the transaction is structured; and • there may be disagreements as to whether consents and / or approvals are required in connection with the consummation of a particular transaction with a partner, lender and / or other third- party, or whether such transaction triggers other contractual rights held by a partner, lender and / or other third- party, and in either case, those disagreements may result in litigation. Our mortgage business is significantly impacted by interest rates. Changes in prevailing interest rates or U. S. monetary policies that affect interest rates may have a detrimental effect on our mortgage business. Changes in interest rates and the level of interest rates are key drivers that impact the volatility of our mortgage loan originations. The historically low interest rate environment over the last several years created strong demand for mortgages. While long- term residential mortgage interest rates were at or near record lows for an extended period, in 2022 **and 2023**, the Federal Reserve initiated a rapid series of interest rate increases that ~~resulted in an increase in our mortgage rates of more than 330 bps since 2021 to rates above historical averages. This rapid rise in interest rates~~ resulted in lower revenue and profitability in our mortgage business. The overwhelming majority of our mortgage loan originations have historically been refinancing existing homeowner' s mortgage loans, with a particular emphasis on cash out refinancings. With the recent rise in interest rates, we may not be able to continue to grow our mortgage originations in the future. With regard to the portion of our mortgage business that is centered on refinancing existing mortgages, we generally note that the refinance market experiences more significant fluctuations than the purchase market as a result of interest rate changes, with the rate and term financing market impacted the most by the volatility in mortgage rates. As interest rates rise, refinancing generally becomes a smaller portion of the market as fewer consumers are interested in refinancing their mortgages. With regard to our purchase mortgage loan business, higher interest rates may also reduce demand for purchase mortgages as home ownership becomes more expensive. This could adversely affect our mortgage business' s revenues or require our mortgage business to increase marketing expenditures in an attempt to increase or maintain its volume of mortgages. Decreases in interest rates can also adversely affect our mortgage business' s financial condition, the value of its mortgage servicing rights (“MSRs”) portfolio, and its results of operations. Even in sustained low interest rate environments, refinancing transactions decline over time, as many clients and potential clients have already taken advantage of the low interest rates. Changes in interest rates are also a key driver of the performance of our servicing business, particularly because our mortgage business' s portfolio is composed primarily of MSRs related to high- quality loans, the values of which are highly sensitive to changes in interest rates. Historically, the value of MSRs has increased when interest rates rise as higher interest rates lead to decreased prepayment rates, and has decreased when interest rates decline as lower interest rates lead to increased prepayment rates. As a result, decreases in interest rates could have a detrimental effect on our mortgage business. Borrowings under some of our mortgage business' s finance and warehouse facilities are at variable rates of interest, which also expose us to interest rate risk. As interest rates increase, our mortgage business' s debt service obligations on certain of its variable- rate indebtedness have increased even though the amount borrowed remains the same, and net income and cash flows, including cash available for servicing indebtedness, have correspondingly decreased. Our mortgage business currently has entered into, and in the future may continue to enter into, interest rate swaps that involve the exchange of floating for fixed- rate interest payments to reduce interest rate volatility. However, our mortgage business may not maintain interest rate swaps with respect to all of its variable- rate indebtedness, and any such swaps may not fully mitigate its interest rate risk, may prove disadvantageous, or may create additional risks. In addition, our mortgage business is materially affected by the monetary policies of the U. S. government and its agencies. Our mortgage business is particularly affected by the policies of the Federal Reserve, which influence interest rates and impact the size of the loan origination market. In 2017, the Federal Reserve ended its quantitative easing program and started its balance sheet reduction plan. The Federal Reserve' s balance sheet consists of U. S. Treasuries and mortgage -backed securities (“MBS”) issued by Fannie Mae, Freddie Mac and Ginnie Mae. To shrink its balance sheet, the Federal Reserve had slowed the pace of MBS purchases to a point at which natural runoff exceeded new purchases, resulting in a net reduction. In response to the COVID- 19 pandemic, state and federal authorities took several actions to provide relief to those negatively affected by COVID- 19, such as the CARES Act and the Federal Reserve' s support of the financial markets. The lasting results of these policies by the Federal Reserve are unknown at this time. Our mortgage business' s MSRs are highly volatile assets

with continually changing values, and these changes in value, or inaccuracies in estimates of their value, could adversely affect our mortgage business' s financial condition and results of operations. The value of our mortgage business' s MSR is based on the cash flows projected to result from the servicing of the related mortgage loans and continually fluctuates due to a number of factors. These factors include changes in interest rates; historically, the value of MSR has increased when interest rates rise as higher interest rates lead to decreased prepayment rates, and has decreased when interest rates decline as lower interest rates lead to increased prepayment rates and refinancings. Other market conditions also affect the number of loans that are refinanced and thus no longer result in cash flows, and the number of loans that become delinquent. Our mortgage business uses two external valuation firms to fair value its MSR assets. These valuation firms utilize market participant data and actual MSR market trades to value our MSR for purposes of financial reporting, These models are complex and use asset- specific collateral data and market inputs for interest and discount rates. In addition, the modeling requirements of MSR are complex because of the high number of variables that drive cash flows associated with MSR, and because of the complexity involved with anticipating such variables over the life of the MSR. Even if the general accuracy of their valuation models is validated, valuations are highly dependent upon the reasonableness of their assumptions and the results of the models. If loan delinquencies or prepayment speeds are higher than anticipated or other factors perform worse than modeled, the recorded value of certain of their MSR may decrease, which could adversely affect their business and financial condition. Our mortgage business is highly dependent upon programs administered by GSEs, such as Fannie Mae and Freddie Mac, as well as Ginnie Mae, to generate revenues through mortgage loan sales to institutional investors. Any changes in existing U. S. government- sponsored mortgage programs could materially and adversely affect our mortgage business, financial condition and results of operations. There is uncertainty regarding the future of Fannie Mae and Freddie Mac, including with respect to how long they will continue to be in existence, the extent of their roles in the market and what forms they will have. The future roles of Fannie Mae and Freddie Mac could be reduced or eliminated and the nature of their guarantees could be limited or eliminated relative to historical measurements. The elimination or modification of the traditional roles of Fannie Mae or Freddie Mac could adversely affect our mortgage business, financial condition and results of operations. Furthermore, any discontinuation of, or significant reduction in, the operation of these GSEs and Ginnie Mae, or any significant adverse change in the level of activity of these agencies in the primary or secondary mortgage markets or in the underwriting criteria of these agencies could materially and adversely affect our business, financial condition and results of operations. We may be unable to obtain sufficient capital to meet the financing requirements of our mortgage business. We fund substantially all of the loans which we originate through borrowings under warehouse financing and repurchase facilities. Our borrowings are in turn repaid with the proceeds we receive from selling such loans through securitizations, and to a lesser extent given our business model, whole loan sales. As we expand our operations, we will require increased financing. There can be no assurance that such financing will be available on terms reasonably satisfactory to us or at all. An event of default, an adverse action by a regulatory authority or a general deterioration in the economy that constricts the availability of credit- similar to the market conditions experienced in recent years- may increase our cost of funds and make it difficult for us to obtain new, or retain existing, warehouse financing facilities. If we fail to maintain, renew or obtain adequate funding under these warehouse financing facilities or other financing arrangements, or there is a substantial reduction in the size of or increase in the cost of such facilities, we would have to curtail our mortgage loan production activities, which could have a material adverse effect on our business, financial condition and operating results in our mortgage business. If the value of the collateral underlying certain of our mortgage business' s loan funding facilities decreases, they could be required to satisfy a margin call, and an unanticipated margin call could have a material adverse effect on their liquidity. Certain of our mortgage business' s loan funding, early buy- out facilities, and MSR- backed facilities are subject to margin calls based on the lender' s opinion of the value of the loan collateral securing such financing and certain of their hedges related to newly originated mortgages are also subject to margin calls. A margin call would require our mortgage business to repay a portion of the outstanding borrowings. A large, unanticipated margin call could have a material adverse effect on their liquidity. In our mortgage business, we may sustain losses and / or be required to indemnify or repurchase loans we originated, or will originate, if, among other things, our loans fail to meet certain criteria or characteristics. Securitizations guaranteed by government agencies and contracts with purchasers of our mortgage loans contain provisions that require us to indemnify or repurchase the related loans under certain circumstances. While these contractual relationships vary, they contain provisions that require us to repurchase loans if: • our representations and warranties concerning loan quality and loan circumstances are inaccurate, including representations concerning the licensing of a mortgage broker; • we fail to secure adequate mortgage insurance within a certain period after closing; • a mortgage insurance provider denies coverage; or • we fail to comply, at the individual loan level or otherwise, with regulatory requirements in the current dynamic regulatory environment. We maintain reserves that we believe are appropriate to cover potential loan repurchase or indemnification losses, but there can be no assurance that such reserves will, in fact, be sufficient to cover future repurchase and indemnification claims. If we are required to indemnify or repurchase loans that we originate and sell that result in losses that exceed our reserve, this could **adversely affect our business, financial condition and results of operations.** Furthermore, in the ordinary course of our mortgage business, we are subject to claims made against us by borrowers and private investors arising from, among other things, losses that are claimed to have been incurred as a result of alleged breaches of fiduciary obligations, misrepresentations, errors and omissions of our employees, officers and agents (including our appraisers), incomplete documentation and our failure to comply with various laws and regulations applicable to our business. In addition, should the mortgage loans we originate sustain higher levels of delinquencies and / or defaults, we may lose the ability to originate and / or sell FHA loans, or to do so profitably and investors to whom we currently sell our mortgage loans may refuse to continue to do business with us, or may reduce the prices they are willing to purchase our mortgage loans and it may be difficult or impossible to sell any of our mortgage loans in the future. Any of the foregoing risks could adversely affect our business, financial condition and results of operations in our mortgage business. We may be limited in the future in utilizing net operating losses incurred during prior periods to offset taxable income. We

previously incurred net operating losses. In the event that we experience an “ownership change” within the meaning of Section 382 of the Code, our ability to use those net operating losses to offset taxable income could be subject to an annual limitation. The annual limitation would be equal to a percentage of our equity value at the time the ownership change occurred. In general, such an “ownership change” would occur if the percentage of our stock owned by one or more 5 % stockholders (including certain groups or persons acting in concert) were to increase by 50 percentage points during any three- year period. All stockholders that own less than 5 % of our stock are treated as a single 5 % stockholder. In addition, the Treasury Regulations under Section 382 of the Code contain additional rules the effect of which is to make it more likely that an ownership change could be deemed to occur. Accordingly, our ability to use prior net operating losses to offset future taxable income would be subject to a limitation if we experience an ownership change. We may leverage certain of our assets and a decline in the fair value of such assets may adversely affect our financial condition and results of operations. We leverage certain of our assets, including through borrowings, generally through warehouse credit facilities, secured loans, securitizations and other borrowings. A rapid decline in the fair value of our leveraged assets may adversely affect us. Lenders may require us to post additional collateral to support the borrowing. If we cannot post the additional collateral, we may have to rapidly liquidate assets, which we may be unable to do on favorable terms or at all. Even after liquidating assets, we may still be unable to post the required collateral, further harming our liquidity and subjecting us to liability to lenders for the declines in the fair values of the collateral. A reduction in credit availability may adversely affect our business, financial condition and results of operations. Certain of our and our subsidiaries’ assets are subject to credit risk, market risk, interest rate risk, credit spread risk, call and redemption risk and refinancing risk, and any one of these risks may materially and adversely affect the value of our assets, our results of operations and our financial condition. Some of our assets, including our direct investments, are subject to credit risk, market risk, interest rate risk, credit spread risk, call and redemption risk and refinancing risk. Credit risk is the risk that the obligor will be unable to pay scheduled principal and / or interest payments. Defaults by third parties in the payment or performance of their obligations could reduce our income and realized gains or result in the recognition of losses. The fair value of our assets may be materially and adversely affected by increases in interest rates, downgrades in our direct investments and by other factors that may result in the recognition of other- than- temporary impairments. Each of these events may cause us to reduce the fair value of our assets. Interest rate risk is the risk that general interest rates will rise or that the risk spread used in our financings will increase. Although interest rates were at historically low levels for the last several years, the recent period of sharply rising interest rates has resulted in unrealized losses on the fair value of certain of our investments and has had an adverse impact on our business by negatively impacting our results and increasing our cost of borrowing to finance operations. On March 5, 2021, the ICE Benchmark Administration and the United Kingdom Financial Conduct Authority confirmed that most USD LIBOR tenors will continue to be published through the second quarter of 2023. We have exposure to LIBOR – based contracts within certain of our finance receivables and loans primarily related to corporate finance loans, and mortgage loans, as well as certain investment securities, derivative contracts, and trust preferred securities, among other arrangements. The Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U. S. financial institutions, has recommended the Secured Overnight Finance Rate (SOFR), as an alternative to LIBOR. SOFR is a broad measure of the cost of borrowing cash in the overnight U. S. treasury repo market. There can be no assurance that rates linked to SOFR, or associated changes related to the adoption of SOFR, will be as favorable to us as LIBOR and may result in an effective increase in the applicable interest rate on our current or future debt obligations. As a result, the discontinuation of LIBOR or LIBOR – based rates will present risks to our business. Market risk is the risk that one or more markets to which the assets relate will decline in value, including the possibility that such markets will deteriorate sharply and unpredictably, which will likely impair the market value of the related instruments. Credit spread risk is the risk that the market value of fixed income investments will change in response to changes in perceived or actual credit risk beyond changes that would be attributable to changes, if any, in interest rates. Call and redemption risk is the risk that fixed income investments will be called or redeemed prior to maturity at a time when yields on other debt instruments in which the call or redemption proceeds could be invested are lower than the yield on the called or redeemed investments. Refinancing risk is the risk that we will be unable to refinance some or all of our indebtedness or that any refinancing will not be on terms as favorable as those of our existing indebtedness, which could increase our funding costs, limit our ability to borrow, or result in a sale of the leveraged asset on disadvantageous terms. Any one of the risks described above may materially and adversely affect the value of our assets, our results of operations and our financial condition. Our risk mitigation or hedging strategies could result in our experiencing significant losses that may materially adversely affect us. We may pursue risk mitigation and hedging strategies to seek to reduce our exposure to losses from adverse credit events, interest rate changes, market risk and other risks. These strategies may include short Treasury positions, interest rate swaps, foreign exchange derivatives, credit derivatives, freight forward agreements, fuel oil swaps and other derivative hedging instruments. Since we account for derivatives at fair market value, changes in fair market value are reflected in net income other than derivative hedging instruments which are reflected in accumulated other comprehensive income in stockholders’ equity. Some of these strategies could result in our experiencing significant losses that may materially adversely affect our business, financial condition and results of operations. The values we record for certain investments and liabilities are based on estimates of fair value made by our management, which may cause our operating results to fluctuate and may not be indicative of the value we can realize on a sale. Some of our investments and liabilities are not actively traded and the fair value of such investments and liabilities are not readily determinable. Each of these carrying values is based on an estimate of fair value by our management. Management reports the estimated fair value of these investments and liabilities quarterly, which may cause our quarterly operating results to fluctuate. Therefore, our past quarterly results may not be indicative of our performance in future quarters. In addition, because such valuations are inherently uncertain, in some cases based on internal models and unobservable inputs, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these

investments and liabilities existed. As such, we may be unable to realize the carrying value upon a sale of these investments or liabilities. The accounting rules applicable to certain of our transactions are highly complex and require the application of significant judgment and assumptions by our management. In addition, changes in accounting interpretations or assumptions could impact our financial statements. Accounting rules for consolidations, income taxes, business acquisitions, transfers of financial assets and other aspects of our operations are highly complex and require the application of judgment and assumptions by our management. In addition, changes in accounting rules, interpretations or assumptions could materially impact the presentation, disclosure and usability of our financial statements. For more information see Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates”. Changes in accounting practices and future pronouncements may materially affect our reported financial results. Developments in accounting practices may require us to incur considerable additional expenses to comply with new rules, particularly if we are required to prepare information relating to prior periods for comparative purposes or to otherwise apply the new requirements retroactively. The impact of changes in current accounting practices and future pronouncements cannot be predicted but may affect the calculation of net income, stockholders’ equity and other relevant financial statement line items. Our insurance subsidiaries are required to comply with Statutory Accounting Principles (“SAP”). SAP and various components of SAP are subject to constant review by the NAIC and its task forces and committees, as well as state insurance departments, in an effort to address emerging issues and otherwise improve financial reporting. Various proposals are pending before committees and task forces of the NAIC, some of which, if enacted, could have negative effects on insurance industry participants. The NAIC continuously examines existing laws and regulations. Whether or in what form such reforms will be enacted and, if so, whether the enacted reforms will positively or negatively affect us is unknown. Catastrophic events could significantly impact the Company’s businesses. Unforeseen or catastrophic events, such as severe weather, natural disasters, ~~pandemic~~ **pandemics** (e. g. the COVID 19 pandemic) cybersecurity attacks, acts of war or terrorism and other adverse external events could have a significant impact on the Company’s ability to conduct business. Although the Company and its subsidiaries have established disaster recovery plans, there is no guarantee that such plans will allow the Company and its subsidiaries to operate without disruption if such an event was to occur and the occurrence of any such event could have a material adverse effect on the Company’s business, which, in turn, could have a material adverse effect on the Company’s financial condition and results of operations. Acts of war may disrupt international trade, create market volatility in debt, equity and commodities markets and result in import bans, export control regulations, increased costs, and sanctions by governmental authorities. These effects, individually or in the aggregate, could materially adversely impact our businesses, operations, financial condition, operating results, liquidity and cash flows and such adverse impacts may be material to our results of operations and liquidity position. Whether or to what extent damage that may be caused by natural events, such as wildfires, severe tropical storms and hurricanes, will affect our insurance subsidiaries’ ability to write new insurance policies and reinsurance contracts is unknown, but, to the extent our insurance subsidiaries’ policies are concentrated in the specific geographic areas in which these events occur, any increase in frequency and severity of such events and the total amount of our loss exposure in the impacted areas of such events may adversely affect their business, financial condition and results of operations. In addition, although our insurance subsidiaries have historically had limited exposure to catastrophic risk, claims from catastrophe events could reduce their earnings and cause substantial volatility in their business, financial condition and results of operations for any period. Assessing the risk of loss and damage associated with natural and catastrophic events remains a challenge and might adversely affect their business, results of operations, financial condition and cash flows. **Our business, particularly our insurance subsidiaries’ business, is exposed to risks associated with severe weather conditions and other catastrophes. Catastrophes can be caused by various events, including natural events such as severe winter weather, tornadoes, windstorms, earthquakes, hailstorms, severe thunderstorms and fires, and other events such as explosions, war, terrorist attacks and riots. The incidence and severity of catastrophes and severe weather conditions are inherently unpredictable. For example, our insurance subsidiary underwrites property risks in geographies that are subject to earthquakes, such as California, in geographies that are subject to wildfires, such as the southwestern United States, and in geographies that are subject to windstorms, such as the southeastern United States. The extent of losses from catastrophes is a function of the total amount of insured value, the number of insureds affected, the frequency and severity of the events, the effectiveness of our catastrophe risk management program and the adequacy of our reinsurance coverage. Insurance companies are not permitted to reserve for a catastrophe until it has occurred. Severe weather conditions and catastrophes can cause losses in our property lines and generally result in both an increase in the number of claims incurred and an increase in the dollar amount of each claim asserted, which may require us to increase our reserves, causing our liquidity and financial condition to deteriorate. In addition, our inability to obtain reinsurance coverage at reasonable rates, and in amounts adequate to mitigate the risks associated with severe weather conditions and other catastrophes, could have a material adverse effect on our business and results of operations. Further toward mitigating these risks, we underwrite a diversified mix of programs that span across multiple lines of business, industries, geographies and distribution channels. In addition, while policy terms and conditions for our insurance subsidiaries’ lines of business preclude coverage for virus- related claims, court decisions and governmental actions may challenge the validity of any exclusions or our interpretation of how such terms and conditions operate. If pandemics, disease outbreaks and other events occur or re- occur and measures that are put into place by various governmental authorities to stabilize the economy are not effective, our business, financial condition, results of operations and cash flows may be materially adversely affected.** U. S. insurers are required by state and federal law to offer coverage for acts of terrorism in certain commercial lines. The Terrorism Risk Insurance Act, as extended by the Terrorism Risk Insurance Program Reauthorization Act of 2015 (“TRIPRA”) requires commercial property and casualty (“P & C”) insurance companies to offer coverage for acts of terrorism, whether foreign or domestic, and established a federal assistance program through the end of

2020 to help cover claims related to future terrorism- related losses. The likelihood and impact of any terrorist act is unpredictable, and the ultimate impact on our insurance subsidiaries would depend upon the nature, extent, location and timing of such an act. Although our insurance subsidiaries reinsure a portion of the terrorism risk they retain under TRIPRA, such terrorism reinsurance does not provide full coverage for an act stemming from nuclear, biological or chemical terrorism. To the extent an act of terrorism, whether a domestic or foreign act, is certified by the Secretary of Treasury, our insurance subsidiaries may be covered under TRIPRA ~~of for~~ their losses for certain P & C lines of insurance. However, any such coverage would be subject to a mandatory deductible based on 20 % of earned premium for the prior year for the covered ~~2020 of~~ commercial P & C insurance. Risks Related to our Structure Because we are a holding company, our ability to meet our obligations and pay dividends to stockholders will depend on distributions from our subsidiaries that may be subject to restrictions and income from assets. We are a holding company and do not have any significant operations of our own, other than our principal investments. Our ability to meet our obligations will depend on distributions from our subsidiaries and income from assets. The amount of dividends and other distributions that our subsidiaries may distribute to us may be subject to restrictions imposed by state law, restrictions that may be imposed by state regulators and restrictions imposed by the terms of any current or future indebtedness that these subsidiaries may incur. Such restrictions would also affect our ability to pay dividends to stockholders, if and when we choose to do so. Our insurance business' s Junior Subordinated Notes due 2057 and \$ 200 million revolving credit facility restrict dividends to us based on the leverage ratio of our insurance business and its subsidiaries. Additionally, our regulated insurance company subsidiaries are required to satisfy minimum capital and surplus requirements according to the laws and regulations of the states in which they operate, which regulate the amount of dividends and distributions we receive from them. In general, dividends in excess of prescribed limits are deemed “ extraordinary ” and require insurance regulatory approval. Ordinary dividends, for which no regulatory approval is generally required, are limited to amounts determined by a formula, which varies by state. Some states have an additional stipulation that dividends may only be paid out of earned surplus. States also regulate transactions between our insurance company subsidiaries and us or our other subsidiaries, such as those relating to compensation for shared services, and in some instances, require prior approval of such transactions within the holding company structure. If insurance regulators determine that payment of an ordinary dividend or any other payments by our insurance company subsidiaries to us or our other subsidiaries (such as payments for employee or other services) would be adverse to policyholders or creditors, the regulators may block or otherwise restrict such payments that would otherwise be permitted without prior approval. In addition, there could be future regulatory actions restricting the ability of our insurance company subsidiaries to pay dividends or share services. The primary factor in determining the amount of capital available for potential dividends is the level of capital needed to maintain desired financial strength ratings from rating agencies for our insurance company subsidiaries. Given recent economic events that have affected the insurance industry, both regulators and rating agencies could become more conservative in their methodology and criteria, including increasing capital requirements for our insurance company subsidiaries which, in turn, could negatively affect our capital resources. Some provisions of our charter may delay, deter or prevent takeovers and business combinations that stockholders consider in their best interests. Our charter restricts any person that owns 9. 8 % or more of our capital stock, other than stockholders approved by applicable state insurance regulators, from voting in excess of 9. 8 % of our voting securities. This provision is intended to satisfy the requirements of applicable state regulators in connection with insurance laws and regulations that prohibit any person from acquiring control of a regulated insurance company without the prior approval of the insurance regulators. In addition, our charter provides for the classification of our board of directors into three classes, one of which is to be elected each year. Our charter also generally only permits stockholders to act without a meeting by unanimous consent. These provisions may delay, deter or prevent takeovers and business combinations that stockholders consider in their best interests. Maryland takeover statutes may prevent a change of our control, which could depress our stock price. Maryland law provides that “ control shares ” of a corporation acquired in a “ control share acquisition ” will have no voting rights except to the extent approved by a vote of two- thirds of the votes entitled to be cast on the matter under the Maryland Control Share Acquisition Act. “ Control shares ” means voting shares of stock that, if aggregated with all other shares of stock owned by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power: one- tenth or more but less than one- third; one- third or more but less than a majority; or a majority or more of all voting power. A “ control share acquisition ” means the acquisition of issued and outstanding control shares, subject to certain exceptions. Under Maryland law, “ business combinations ” between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which such stockholder became an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. Our bylaws contain a provision exempting from the control share statute any and all acquisitions by any person of our shares of stock. Our board of directors has also adopted a resolution which provides that any business combination between us and any other person is exempted from the provisions of the business combination statute, provided that the business combination is first approved by the board of directors. However, our board of directors may amend or eliminate this provision in our bylaws regarding the control share statute or amend or repeal this resolution regarding the business combination statute. If our board takes such action in the future, the control share and business combination statutes may prevent or discourage others from trying to acquire control of us and increase the difficulty of consummating any offer, including potential acquisitions that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders. Our holding company structure with multiple lines of business, may adversely impact the market price of our common stock and our ability to raise equity and debt capital. Tiptree holds and manages multiple lines of business. Analysts, investors and lenders may have difficulty analyzing and valuing a company with multiple lines of business, which could adversely impact the market price of our common stock and our ability to raise equity and debt capital at

a holding company level. Moreover, our management is required to make decisions regarding the allocation of capital among the different lines of business, and such decisions could materially and adversely affect our business or one or more of our lines of business. Risks Related to Regulatory and Legal Matters Maintenance of our 1940 Act exemption imposes limits on our operations. We conduct our operations so that we are not required to register as an investment company under the 1940 Act. Therefore, we must limit the types and nature of businesses in which we engage and assets that we acquire. We monitor our compliance with the 1940 Act on an ongoing basis and may be compelled to take or refrain from taking actions, to acquire additional income or loss generating assets or to forgo opportunities that might otherwise be beneficial or advisable, including, but not limited to selling assets that are considered to be investment securities or forgoing the sale of assets that are not investment securities, in order to ensure that we (or a subsidiary) may continue to rely on the applicable exceptions or exemptions. These limitations on our freedom of action could have a material adverse effect on our financial condition and results of operations. If we fail to maintain an exemption, exception or other exclusion from registration as an investment company, we could, among other things, be required to substantially change the manner in which we conduct our operations either to avoid being required to register as an investment company or to register as an investment company. If we were required to register as an investment company under the 1940 Act, we would become subject to substantial regulation with respect to, among other things, our capital structure (including our ability to use leverage), management, operations, transactions with affiliated persons (as defined in the 1940 Act), portfolio composition, including restrictions with respect to diversification and industry concentration, and our financial condition and results of operations may be adversely affected. If we did not register despite being required to do so, criminal and civil actions could be brought against us, our contracts would be unenforceable unless a court were to require enforcement, and a court could appoint a receiver to take control of us and liquidate our business. A change in law, regulation or regulatory enforcement applicable to insurance products could adversely affect our financial condition and results of operations. A change in state or U. S. federal tax laws could materially affect our insurance businesses. For example, tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “ TCJA ”), which was signed into law on December 22, 2017, fundamentally overhauled the U. S. tax system by, among other significant changes, reducing the U. S. corporate income tax rate to 21 %. In the context of the taxation of U. S. P & C insurance companies such as our insurance companies, the TCJA also modified the loss reserve discounting rules and the proration rules that apply to reduce reserve deductions to reflect the lower corporate income tax rate, which could have an adverse impact on our insurance subsidiaries. It is possible that other legislation could be introduced and enacted by the current Congress or future Congresses that could have an adverse impact on our insurance subsidiaries. Additional regulations or pronouncements interpreting or clarifying provisions of the TCJA have been and will continue to be issued, and such regulations or pronouncements may be different from our insurance subsidiaries’ interpretation and thus adversely affect their results. If, when or in what form such regulations or pronouncements may be provided or finalized, whether such guidance will have a retroactive effect or such regulations’ or pronouncements’ potential impact on our insurance subsidiaries is unknown. Currently, our insurance business does not collect sales or other related taxes on its services. Whether sales of our insurance business’ s services are subject to state sales and use taxes is uncertain, due in part to the nature of its services and the relationships through which its services are offered, as well as changing state laws and interpretations of those laws. One or more states may seek to impose sales or use tax or other tax collection obligations on our insurance business, whether based on sales by our insurance business or its resellers or clients, including for past sales. A successful assertion that our insurance business should be collecting sales or other related taxes on its services could result in substantial tax liabilities for past sales, discourage customers from purchasing its services, discourage clients from offering or billing for its services, or otherwise cause material harm to its business, financial condition and results of operations. With regard to our insurance business’ s payment protection products and financing of VSCs, there are federal and state laws and regulations that govern the disclosures related to the sales of those products. Our insurance business’ s ability to offer and administer these products on behalf of their distribution partners is dependent upon their continued ability to sell such products. To the extent that federal or state laws or regulations change to restrict or prohibit the sale of these products, our insurance business’ s revenues would be adversely affected. For example, the CFPB’ s enforcement actions have resulted in large refunds and civil penalties against financial institutions in connection with their marketing of payment protection and other products. Due to such regulatory actions, some lenders may reduce their sales and marketing of payment protection and other ancillary products, which may adversely affect our insurance business’ s revenues. The full impact of the CFPB’ s oversight is unpredictable and continues to evolve. With respect to the P & C insurance policies our insurance business underwrites, federal legislative proposals regarding national catastrophe insurance, if adopted, could reduce the business need for some of the related products that our insurance business provides. Increasing regulatory focus on privacy issues and expanding laws could affect our various subsidiaries’ business model and expose them to increased liability. Some of our subsidiaries collect, use, store, transmit, retrieve, retain and otherwise process confidential and personally identifiable information in their information systems in and across multiple jurisdictions, and they are subject to a variety of confidentiality obligations and privacy, data protection and information security laws, regulations, orders and industry standards in the jurisdictions in which they do business. The regulatory environment surrounding information security, data privacy and cybersecurity is evolving and increasingly demanding **and there has been an increasing focus on privacy and data protection issues with the potential to affect our businesses**. A number of our subsidiaries are subject to numerous U. S. federal and state laws and non- U. S. regulations governing the **collection, transmission, storage, use and** protection of personally identifiable and confidential information of their customers and employees **. Failure to comply with any of these laws and regulations could result in enforcement action against us, including fines, imprisonment of company officials and public censure, claims for damages by affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, results of operations, financial condition and cash flows**. On October 24, 2017, the NAIC adopted an Insurance Data Security Model Law, which requires licensed insurance entities to comply with detailed information security requirements.

The NAIC model law has been adopted by certain states and is under consideration by others. It is not yet known whether or not, and to what extent, states legislatures or insurance regulators where our insurance subsidiaries operate will enact the Insurance Data Security Model Law in whole or in part, or in a modified form. Such enactments, especially if inconsistent between states or with existing laws and regulations, could raise compliance costs or increase the risk of noncompliance, and noncompliance could subject our insurance subsidiaries to regulatory enforcement actions and penalties, as well as reputational harm. Any such events could potentially have an adverse impact on our insurance subsidiaries' business, results of operations, financial condition and cash flows. Our insurance and mortgage subsidiaries are subject to the privacy regulations of the Gramm- Leach- Bliley Act of 1999 (the "Gramm- Leach- Bliley Act"), along with its implementing regulations, which restricts certain collection, processing, storage, use and disclosure of personal information, requires notice to individuals of privacy practices, provides individuals with certain rights to prevent the use and disclosure of certain nonpublic or otherwise legally protected information and imposes requirements for the safeguarding and proper destruction of personal information through the issuance of data security standards or guidelines. In addition, on March 1, 2017, new cybersecurity rules took effect for financial institutions, insurers and certain other companies, like our insurance and mortgage subsidiaries, supervised by the NY Department of Financial Services (the "NY DFS Cybersecurity Regulation"). The NY DFS Cybersecurity Regulation imposes significant new regulatory burdens intended to protect the confidentiality, integrity and availability of information systems. Our insurance and mortgage subsidiaries also have contractual obligations to protect confidential and personally identifiable information we obtain from third parties. These obligations generally require them, in accordance with applicable laws, to protect such information to the same extent that they protect their own such information. Many states in which our insurance and mortgage subsidiaries operate have laws that protect the privacy and security of sensitive and personal information. Certain current or proposed state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to sensitive and personal information than federal, international or other state laws, and such laws may differ from each other, which may complicate compliance efforts. For example, certain of our insurance and mortgage businesses are subject to the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 (collectively, the "CCPA"), which among other things, requires companies covered by the legislation to provide new disclosures to California consumers and afford affords such consumers new rights of access and deletion of personal information. Additionally, when it becomes effective on January 1, 2023, our insurance subsidiaries will be subject to the California Privacy Rights Act ("CPRA"), which will significantly expand consumers' rights under the CCPA. Internationally, many jurisdictions have established their own data security and privacy legal framework with which our insurance subsidiaries operating in such jurisdictions, or their customers, may need to comply, including, but not limited to, the European Union, or EU. The EU has adopted the General Data Protection Regulation, or the GDPR, which contains numerous requirements, robust obligations on data processors and heavier documentation requirements for data protection compliance programs by companies. The GDPR imposes significant penalties for non-compliance with fines of up to 4 % of total annual worldwide turnover or € 20 million (whichever is higher), depending on the type and severity of the violation. In addition, following Brexit, the U. K. General Data Protection Regulation (i. e., a version of the GDPR as implemented into U. K. law) went into effect, which may expose us to burdens and risks comparable to those of the GDPR. Because the interpretation and application of many privacy and data protection laws along with contractually imposed industry standards are uncertain, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our insurance subsidiaries' existing data management practices or the features of their services and platform capabilities. Any failure or perceived failure by our insurance subsidiaries, or any third parties with which they do business, to comply with their posted privacy policies, changing consumer expectations, evolving laws, rules and regulations, industry standards, or contractual obligations to which they or such third parties are or may become subject, may result in actions or other claims against our insurance subsidiaries by governmental entities or private actors, the expenditure of substantial costs, time and other resources or the incurrence of significant fines, penalties or other liabilities. In addition, any such action, particularly to the extent our insurance subsidiaries were found to be guilty of violations or otherwise liable for damages, would damage their reputation and adversely affect their business, financial condition and results of operations. Even if our businesses are not determined to have violated these laws, government investigations into these issues typically require the expenditure of significant resources and generate negative publicity, which could harm our businesses, financial condition, and results of operations. Compliance with existing and new regulations affecting our business in regulated industries may increase costs and limit our ability to pursue business opportunities. We are subject to extensive laws and regulations administered and enforced by a number of different federal and state governmental authorities in the industries in which we operate. Regulation of such industries may increase. In the past, there has been significant legislation affecting financial services and insurance, including the Dodd- Frank Act. In addition, we are subject to regulations governing the protection of personal confidential information and data security including the Gramm- Leach- Bliley Act, the GDPR, the NY DFS Cybersecurity Regulation and the CCPA. Accordingly, the impact that any new laws and regulations will have on us is unknown. The costs to comply with these laws and regulations may be substantial and could have a significant negative impact on us and limit our ability to pursue business opportunities. We can give no assurances that with changes to laws and regulations, our businesses can continue to be conducted in each jurisdiction in the manner as we have in the past. Our insurance subsidiaries are subject to regulation by state and, in some cases, foreign insurance authorities with respect to statutory capital, reserve and other requirements, including statutory capital and reserve requirements established by applicable insurance regulators based on RBC and Solvency II formulas. In any particular year, these requirements may increase or decrease depending on a variety of factors, most of which are outside our insurance subsidiaries' control, such as the amount of statutory income or losses generated, changes in equity market levels, the value of fixed- income and equity securities in our investment portfolio, changes in interest rates and foreign currency exchange rates, as well as changes to the RBC formulas used by insurance regulators. The laws of the various states in which our insurance businesses operate establish insurance departments

and other regulatory agencies with broad powers to preclude or temporarily suspend our insurance subsidiaries from carrying on some or all of their activities or otherwise fine or penalize them in any jurisdiction in which they operate. Such regulation or compliance could reduce our insurance business' s profitability or limit their growth by increasing the costs of compliance, limiting or restricting the products or services they sell, or the methods by which they sell their services and products, or subjecting their business to the possibility of regulatory actions or proceedings. Additionally, increases in the amount of additional statutory reserves that our insurance subsidiaries are required to hold could have a material adverse effect on their business, results of operations, financial condition and cash flows. While the CFPB does not have direct jurisdiction over insurance products, it is possible that regulatory actions taken by the CFPB may affect the sales practices related to these products and thereby potentially affect our insurance business or the clients that it serves. In 2017, the CFPB issued rules under its unfair, deceptive and abusive acts and practices rulemaking authority relating to consumer installment loans, among other things. Such CFPB rules regarding consumer installment loans could adversely impact our insurance business' s volume of insurance products and services and cost structure. Due to such regulatory actions, some lenders may reduce their sales and marketing of payment protection and other ancillary products, which may adversely affect our insurance business' s revenues. Due to the highly regulated nature of the residential mortgage industry, our mortgage subsidiaries are required to comply with a wide array of federal, state and local laws and regulations that regulate licensing, allowable fees and loan terms, permissible servicing and debt collection practices, limitations on forced- placed insurance, special consumer protections in connection with default and foreclosure, and protection of confidential, nonpublic consumer information. These laws and regulations are constantly changing and the volume of new or modified laws and regulations has increased in recent years as states and local cities and counties continue to enact laws that either restrict or impose additional obligations in connection with certain loan origination, acquisition and servicing activities in those cities and counties. These laws and regulations are complex and vary greatly among different states and localities, and in some cases, these laws are in conflict with each other or with U. S. federal law. A failure by us or our servicers to comply with applicable laws or regulations could subject our mortgage business and / or our mortgage servicers to lawsuits or governmental actions, which could result in the loss or suspension of our licenses in the applicable jurisdictions where such violations occur and / or monetary fines or changes in our mortgage operations. If we were to determine to change servicers, there is no assurance that we could find servicers that satisfy our requirements or with whom we could enter into agreements on satisfactory terms. Any of these outcomes could materially and adversely affect our mortgage business. The CFPB continues to be active in its monitoring of the loan origination and servicing sectors, and its recently issued rules increase our regulatory compliance burden and associated costs. Our mortgage business is subject to the regulatory, supervisory and examination authority of the CFPB, which has oversight of federal and state non- depository lending and servicing institutions, including residential mortgage originators and loan servicers. The CFPB has rulemaking authority with respect to many of the federal consumer protection laws applicable to mortgage lenders and servicers, including the Truth in Lending Act, the Real Estate Settlement Procedures Act and the Fair Debt Collections Practices Act. The CFPB has issued a number of regulations under the Dodd- Frank Act relating to loan origination and servicing activities, including ability to repay and " Qualified Mortgage" standards and other origination standards and practices. The CFPB' s examinations have increased, and will likely continue to increase, our mortgage business' s administrative and compliance costs. They could also greatly influence the availability and cost of residential mortgage credit and increase servicing costs and risks. These increased costs of compliance, the effect of these rules on the lending industry and loan servicing, and any failure in our mortgage business' s ability to comply with the new rules by their effective dates, could be detrimental to their business. The CFPB also issued guidelines on sending examiners to banks and other institutions that service and / or originate mortgages to assess whether consumers' interests are protected. The CFPB also has broad enforcement powers, and can order, among other things, rescission or reformation of contracts, the refund of moneys or the return of real property, restitution, disgorgement or compensation for unjust enrichment, the payment of damages or other monetary relief, public notifications regarding violations, limits on activities or functions, remediation of practices, external compliance monitoring and civil money penalties. The CFPB has been active in investigations and enforcement actions and, when necessary, has issued civil money penalties to parties the CFPB determines has violated the laws and regulations it enforces. Our mortgage business' s failure to comply with the federal consumer protection laws, rules and regulations to which they are subject, whether actual or alleged, could expose them to enforcement actions or potential litigation liabilities. Our insurance subsidiaries could be adversely affected if their controls to ensure compliance with guidelines, policies and legal and regulatory standards are not effective. Our insurance business is highly dependent on the ability of our insurance subsidiaries to engage on a daily basis in a large number of insurance underwriting, claim processing and investment activities, many of which are highly complex. These activities often are subject to internal guidelines and policies, as well as legal and regulatory standards, including those related to privacy, anti- corruption, anti- bribery and global finance and insurance matters. The continued expansion into new products and geographic markets has brought about additional requirements. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system' s objectives will be met. If our insurance subsidiaries' controls are not effective, it could lead to financial loss, unanticipated risk exposure (including underwriting, credit and investment risk) or damage to their reputation. Our businesses are subject to risks related to litigation and regulatory actions. Over the last several years, businesses in many areas of the financial services industry have been subject to increasing amounts of regulatory scrutiny. In addition, there has been an increase in litigation involving firms in the financial services industry and public companies generally, some of which have involved new types of legal claims, particularly in the insurance industry. We may be materially and adversely affected by judgments, settlements, fines, penalties, unanticipated costs or other effects of legal and administrative proceedings now pending or that may be instituted in the future, including from investigations by regulatory bodies or administrative agencies. An adverse outcome of any investigation by, or other inquiries from, any such bodies or agencies also could result in non- monetary penalties or sanctions, loss of licenses or approvals, changes in personnel, increased review and scrutiny of us by

our clients, counterparties, regulatory authorities, potential litigants, the media and others, any of which could have a material adverse effect on us. We are involved in various litigation matters from time to time. For example, we are a defendant in *Mullins v. Southern Financial Life Insurance Co.*, a class action lawsuit alleging violations of the Consumer Protection Act and certain insurance statutes, as well as common law fraud. This and other such matters can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. Our insurance and indemnities may not cover all claims that may be asserted against us, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. If we are unsuccessful in our defense in these litigation matters, or any other legal proceeding, we may be forced to pay damages or fines, enter into consent decrees or change our business practices, any of which could have a material adverse effect on our business, results of operations, financial condition or cash flows. Our international activities increase the compliance risks associated with economic and trade sanctions imposed by the United States, the EU and other jurisdictions. Our international operations and activities expose us to risks associated with trade and economic sanctions, prohibitions or other restrictions imposed by the United States or other governments or organizations, including the United Nations, the EU and its member countries. Under economic and trade sanctions laws, governments may seek to impose modifications to, prohibitions / restrictions on business practices and activities, and modifications to compliance programs, which may increase compliance costs, and, in the event of a violation, may subject us to fines and other penalties. We could be materially adversely affected by violations of the U. S. Foreign Corrupt Practices Act, the U. K. Bribery Act and anti-corruption laws in other applicable jurisdictions. We are subject to anti-corruption, anti-bribery, anti-money laundering and similar laws and regulations in various jurisdictions in which we conduct business, including the U. S. Foreign Corrupt Practices Act and the U. K. Bribery Act 2010. We operate in countries known to present heightened risks for corruption and our dry bulk shipping and product tankers and related operations requires us to interact with government officials, including port officials, harbor masters, maritime regulators, customs officials and pilots. Non-compliance with anti-corruption, anti-bribery or anti-money laundering laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation. Assessments and premium surcharges for state guaranty funds, secondary-injury funds, residual market programs and other mandatory pooling arrangements may reduce our insurance subsidiaries' profitability. Most states require insurance companies licensed to do business in their state to participate in guaranty funds, which require the insurance companies to bear a portion of the unfunded obligations of impaired, insolvent or failed insurance companies. These obligations are funded by assessments, which are expected to continue in the future. State guaranty associations levy assessments, up to prescribed limits, on all member insurance companies in the state based on their proportionate share of premiums written in the lines of business in which the impaired, insolvent or failed insurance companies are engaged. Accordingly, the assessments levied on our insurance subsidiaries may increase as they increase their written premiums. These funds are supported by either assessments or premium surcharges based on incurred losses. In addition, as a condition to conducting business in some states, insurance companies are required to participate in residual market programs to provide insurance to those who cannot procure coverage from an insurance carrier on a negotiated basis. Insurance companies generally can fulfill their residual market obligations by, among other things, participating in a reinsurance pool where the results of all policies provided through the pool are shared by the participating insurance companies. Although our insurance subsidiaries price their insurance to account for their potential obligations under these pooling arrangements, they may not be able to accurately estimate their liability for these obligations. Accordingly, mandatory pooling arrangements may cause a decrease in their profits. Further, the impairment, insolvency or failure of other insurance companies in these pooling arrangements would likely increase the liability for other members in the pool. The effect of assessments and premium surcharges or increases in such assessments or surcharges could reduce our insurance subsidiaries' profitability in any given period or limit the ability to grow their business. Operation of dry bulk vessels and product tankers is subject to complex laws and regulations, including environmental laws and regulations that, if any of our vessel owner subsidiaries are found guilty of violation, can result in substantial fines and costs to the Company. The shipping business and vessel ownership are subject to government regulation in the form of international conventions, national, state and local laws, and regulations in force in the jurisdictions in which vessels operate, as well as in the country or countries of their registration. The principal international convention governing marine pollution prevention and response is the International Convention for the Prevention of Pollution from Ships ("MARPOL"). MARPOL regulates, among other things, the management and discharge of oil and garbage, as well as air emissions from vessels with a view of reducing pollution to the marine environment. One of MARPOL's key requirements is that transfers and discharges of oily water must be recorded in an Oil Record Book. Similar requirements exist for garbage records and recording changeovers between high and low sulfur fuel due to the impact on air emissions. The Act to Prevent Pollution from Ships, 33 U. S. C. § 1901, et seq. ("APPS"), implements MARPOL in the United States. The U. S. Coast Guard ("USCG") is the responsible regulatory and enforcement agency and has promulgated regulations implementing APPS at 33 C. F. R. Part 151. Civil and administrative violations of APPS and the implementing USCG regulations may be enforced by the USCG, whereas criminal violations are enforced by the U. S. Department of Justice. **52**