

REFINITIV

DELTA REPORT

10-Q

TIPT - TIPTREE INC.

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1154
CHANGES	530
DELETIONS	274
ADDITIONS	350

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☒

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly period ended **March 31, 2024** **June 30, 2024**

OR

☐

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission File Number: 001-33549

Tiptree Inc.

(Exact name of Registrant as Specified in Its Charter)

Maryland 38-3754322

(State or Other Jurisdiction of Incorporation of Organization) (IRS Employer Identification No.)

660 Steamboat Road, 2nd Floor, Greenwich, Connecticut 06830

(Address of Principal Executive Offices) Zip Code

Registrant's Telephone Number, Including Area Code: (212) 446-1400

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
common stock, par value \$0.001 per share	TIPT	NASDAQ Capital Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒
Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☒

As of **April 30, 2024** **July 30, 2024**, there were **36,785,305** **36,789,571** shares, par value \$0.001, of the registrant's common stock outstanding.

Tiptree Inc.
Quarterly Report on Form 10-Q
March 31, June 30, 2024

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PART I. FINANCIAL INFORMATION

Forward-Looking Statements

Except for the historical information included and incorporated by reference in this Quarterly Report on Form 10-Q, the information included and incorporated by reference herein are “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements provide our current expectations or forecasts of future events and are not statements of historical fact. These forward-looking statements include information about possible or assumed future events, including, among other things, discussion and analysis of our future financial condition, results of operations, our strategic plans and objectives, and government legislation. When we use words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “seek,” “may,” “might,” “plan,” “project,” “should,” “target,” “will,” or similar expressions, we intend to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, many of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to, those described in the section entitled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, in this Quarterly Report on Form 10-Q and in our other public filings with the SEC.

The factors described herein are not necessarily all of the important factors that could cause actual results or developments to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could affect our forward-looking statements. Consequently, our actual performance could be materially different from the results described or anticipated by our forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by the applicable law, we undertake no obligation to update any forward-looking statements.

Market and Industry Data

Certain market data and industry data included in this Quarterly Report on Form 10-Q were obtained from reports of governmental agencies and industry publications and surveys. We believe the data from third-party sources to be reliable based upon our management’s knowledge of the industry, but have not independently verified such data and as such, make no guarantees as to its accuracy, completeness or timeliness.

Note to Reader

In reading this Quarterly Report on Form 10-Q, references to:

“A.M. Best” means A.M. Best Company, Inc.

“EBITDA” means earnings before interest, taxes, depreciation and amortization.

“EBITDAR” means earnings before interest, taxes, depreciation and amortization, and restructuring or rent costs.

“E&S” means excess and surplus.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Fannie Mae” means Federal National Mortgage Association.

“Fortegra” or “The Fortegra Group” means The Fortegra Group, Inc. and its subsidiaries.
“Fortegra Additional Warrants” means the additional warrants issued to Warburg and Tiptree Holdings to acquire Fortegra Common Stock.
“Fortegra Additional Warrants (Warburg)” means the Fortegra Additional Warrants issued to Warburg.
“Fortegra Common Stock” means the common stock of Fortegra.
“Fortegra Plan” means the 2022 Equity Incentive Plan of Fortegra.
“Fortegra Preferred Stock” means the 5,333,333 shares of Series A Preferred Stock of Fortegra issued to Warburg.
“Fortegra Warrants” means the warrants to purchase shares of Fortegra Common Stock.
“Freddie Mac” means Federal Home Loan Mortgage Corporation.
“GAAP” means U.S. generally accepted accounting principles.
“Ginnie Mae” means Government National Mortgage Association.
“GSE” means government-sponsored enterprise.
“Invesque” means Invesque Inc.
“NAIC” means the National Association of Insurance Commissioners.
“Premia” means Premia Solutions Limited.
“Reliance” means Reliance First Capital, LLC.
“SEC” means the U.S. Securities and Exchange Commission.

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“Securities Act” means the Securities Act of 1933, as amended.
“SOFR” means the Secured Overnight Financing Rate.
“Tiptree”, the “Company”, “we”, “its”, “us” and “our” means, unless otherwise indicated by the context, Tiptree Inc. and its consolidated subsidiaries.
“Tiptree Advisors” means collectively: Tiptree Advisors Holdings, L.P., Tiptree Advisors, LLC, Tiptree GP Holdings, LLC and Tiptree Holdings GP, LLC.
“Tiptree Advisors Funds” means Covid Peak Restructuring Partners Onshore Fund LLC and Albatross CP LLC.
“Tiptree Holdings” means Tiptree Holdings LLC.
“Transition Services Agreement” means the Amended and Restated Transition Services Agreement between Tiptree Advisors and Tiptree Inc., effective as of January 1, 2019.
“Warburg” means WP Falcon Aggregator, L.P., a Delaware limited partnership affiliated with funds advised or managed by Warburg Pincus LLC.
“WP Transaction” means the \$200 million strategic investment in Fortegra by Warburg.

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TIPTREE INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets (Unaudited)
(in thousands, except share data)

	As of	
	March 31, 2024	December 31, 2023
	June 30,	December 31, 2023
	2024	
Assets:		
Assets:		
Assets:		
Investments:		
Investments:		
Investments:		
Available for sale securities, at fair value, net of allowance for credit losses		
Available for sale securities, at fair value, net of allowance for credit losses		
Available for sale securities, at fair value, net of allowance for credit losses		
Loans, at fair value		
Equity securities		
Other investments		
Total investments		
Cash and cash equivalents		
Restricted cash		
Notes and accounts receivable, net		

Reinsurance recoverable
Prepaid reinsurance premiums
Deferred acquisition costs
Goodwill
Intangible assets, net
Other assets
Total assets
Total assets
Total assets
Liabilities and Stockholders' Equity
Liabilities and Stockholders' Equity
Liabilities and Stockholders' Equity
Liabilities:
Liabilities:
Liabilities:
Debt, net
Debt, net
Debt, net
Unearned premiums
Policy liabilities and unpaid claims
Deferred revenue
Reinsurance payable
Other liabilities and accrued expenses
Total liabilities
Total liabilities
Total liabilities
Stockholders' Equity:
Stockholders' Equity:
Stockholders' Equity:
Preferred stock: \$0.001 par value, 100,000,000 shares authorized, none issued or outstanding
Preferred stock: \$0.001 par value, 100,000,000 shares authorized, none issued or outstanding
Preferred stock: \$0.001 par value, 100,000,000 shares authorized, none issued or outstanding
Common stock: \$0.001 par value, 200,000,000 shares authorized, 36,781,281 and 36,756,187 shares issued and outstanding, respectively
Common stock: \$0.001 par value, 200,000,000 shares authorized, 36,785,305 and 36,756,187 shares issued and outstanding, respectively
Additional paid-in capital
Accumulated other comprehensive income (loss), net of tax
Retained earnings
Total Tiptree Inc. stockholders' equity
Non-controlling interests:
Fortegra preferred interests
Fortegra preferred interests
Fortegra preferred interests
Common interests
Total non-controlling interests
Total stockholders' equity
Total liabilities and stockholders' equity

See accompanying notes to condensed consolidated financial statements.

TIPTREE INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations (Unaudited)

(in thousands, except share data)

	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	2024	
	2024	
	Three Months Ended June 30,	
	Three Months Ended June 30,	
	Three Months Ended June 30,	Six Months Ended June 30,
	2024	

<u>Revenues:</u>
<u>Revenues:</u>
<u>Revenues:</u>
Earned premiums, net
Earned premiums, net
Earned premiums, net
Service and administrative fees
Service and administrative fees
Service and administrative fees
Ceding commissions
Ceding commissions
Ceding commissions
Net investment income
Net investment income
Net investment income
Net realized and unrealized gains (losses)
Net realized and unrealized gains (losses)
Net realized and unrealized gains (losses)
Other revenue
Other revenue
Other revenue
Total revenues
Total revenues
Total revenues

<u>Expenses:</u>
<u>Expenses:</u>
<u>Expenses:</u>
Policy and contract benefits
Policy and contract benefits
Policy and contract benefits
Commission expense
Commission expense
Commission expense
Employee compensation and benefits
Employee compensation and benefits
Employee compensation and benefits
Interest expense

Interest expense
Interest expense
Depreciation and amortization
Depreciation and amortization
Depreciation and amortization
Other expenses
Other expenses
Other expenses
Total expenses
Total expenses
Total expenses
Income (loss) before taxes
Income (loss) before taxes
Income (loss) before taxes
Less: provision (benefit) for income taxes
Less: provision (benefit) for income taxes
Less: provision (benefit) for income taxes
Net income (loss)
Net income (loss)
Net income (loss)
Less: net income (loss) attributable to non-controlling interests
Less: net income (loss) attributable to non-controlling interests
Less: net income (loss) attributable to non-controlling interests
Net income (loss) attributable to common stockholders
Net income (loss) attributable to common stockholders
Net income (loss) attributable to common stockholders
<u>Net income (loss) per common share:</u>
<u>Net income (loss) per common share:</u>
<u>Net income (loss) per common share:</u>
Basic earnings per share
Basic earnings per share
Basic earnings per share
Diluted earnings per share
Diluted earnings per share
Diluted earnings per share
Weighted average number of common shares:
Weighted average number of common shares:
Weighted average number of common shares:
Basic
Basic
Basic
Diluted
Diluted
Diluted
Dividends declared per common share
Dividends declared per common share
Dividends declared per common share

See accompanying notes to condensed consolidated financial statements.

TIPTREE INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(in thousands)

	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,
	2024	2024	
	Three Months Ended June 30,	Three Months Ended June 30,	Three Months Ended June 30,
	2024	2024	Six Months Ended June 30,
	2024		
Net income (loss)			
Net income (loss)			
Net income (loss)			
Other comprehensive income (loss), net of tax:			
Other comprehensive income (loss), net of tax:			
Other comprehensive income (loss), net of tax:			
Change in unrealized gains (losses) on available for sale securities			
Change in unrealized gains (losses) on available for sale securities			
Change in unrealized gains (losses) on available for sale securities			
Change in unrealized currency translation adjustments			
Change in unrealized currency translation adjustments			
Change in unrealized currency translation adjustments			
Related (provision) benefit for income taxes			
Related (provision) benefit for income taxes			
Related (provision) benefit for income taxes			
Other comprehensive income (loss), net of tax			
Other comprehensive income (loss), net of tax			
Other comprehensive income (loss), net of tax			
Comprehensive income (loss)			
Comprehensive income (loss)			
Comprehensive income (loss)			
Less: comprehensive income (loss) attributable to non-controlling interests			
Less: comprehensive income (loss) attributable to non-controlling interests			
Less: comprehensive income (loss) attributable to non-controlling interests			
Comprehensive income (loss) attributable to common stockholders			
Comprehensive income (loss) attributable to common stockholders			
Comprehensive income (loss) attributable to common stockholders			

See accompanying notes to condensed consolidated financial statements.

TIPTREE INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)
(in thousands, except shares)

Common stock	Non-controlling interests

			Accumulated			Total			
				other		Tiptree Inc.	Fortegra		Total
	Number of		Additional	comprehensive	Retained	stockholders'	preferred	Common	stockholders'
	shares	Par value	paid-in capital	income (loss)	earnings	equity	interests	interests	equity
Balance at December 31, 2023	36,756,187	\$ 37	\$ 382,239	\$ (26,073)	\$ 60,663	\$ 416,866	\$ 77,679	\$ 82,020	\$ 576,565
Amortization of share-based incentive compensation	—	—	2,984	—	—	2,984	—	723	3,707
Vesting of share-based incentive compensation	25,094	—	(85)	—	—	(85)	—	(622)	(707)
Non-controlling interest contributions	—	—	—	—	—	—	—	9,621	9,621
Non-controlling interest distributions	—	—	—	—	—	—	—	(69)	(69)
Common stock dividends declared	—	—	—	—	(2,225)	(2,225)	—	—	(2,225)
Other comprehensive income (loss), net of tax	—	—	—	(1,855)	—	(1,855)	—	(685)	(2,540)
Subsidiary preferred dividends declared	—	—	—	—	(1,595)	(1,595)	—	—	(1,595)
Net income (loss)	—	—	—	—	10,645	10,645	—	5,236	15,881
Balance at March 31, 2024	36,781,281	\$ 37	\$ 385,138	\$ (27,928)	\$ 67,488	\$ 424,735	\$ 77,679	\$ 96,224	\$ 598,638

	Common stock						Non-controlling interests		
	Number of shares	Par value	Additional paid-in capital	Accumulated	Retained earnings	Total	Fortegra preferred interests	Common interests	Total stockholders' equity
				other		Tiptree Inc.			
				comprehensive income (loss)		stockholders'			
						equity			
Balance at December 31, 2023	36,756,187	\$ 37	\$ 382,239	\$ (26,073)	\$ 60,663	\$ 416,866	\$ 77,679	\$ 82,020	\$ 576,565
Amortization of share-based incentive compensation	—	—	5,290	—	—	5,290	—	1,685	6,975
Vesting of share-based incentive compensation	29,118	—	(16)	—	—	(16)	—	(622)	(638)
Non-controlling interest contributions	—	—	—	—	—	—	—	9,956	9,956
Non-controlling interest distributions	—	—	—	—	—	—	—	(644)	(644)
Common stock dividends declared	—	—	—	—	(4,449)	(4,449)	—	—	(4,449)
Other comprehensive income (loss), net of tax	—	—	—	(3,143)	—	(3,143)	—	(1,215)	(4,358)
Subsidiary preferred dividends declared	—	—	—	—	(3,192)	(3,192)	—	—	(3,192)
Net income (loss)	—	—	—	—	25,093	25,093	—	12,761	37,854
Balance at June 30, 2024	36,785,305	\$ 37	\$ 387,513	\$ (29,216)	\$ 78,115	\$ 436,449	\$ 77,679	\$ 103,941	\$ 618,069

	Common stock						Non-controlling interests		
	Number of shares	Par value	Additional paid-in capital	Accumulated	Retained earnings	Total	Fortegra preferred interests	Common interests	Total stockholders' equity
				other		Tiptree Inc.			
				comprehensive income (loss)		stockholders' equity			
Balance at March 31, 2024	36,781,281	\$ 37	\$ 385,138	\$ (27,928)	\$ 67,488	\$ 424,735	\$ 77,679	\$ 96,224	\$ 598,638
Amortization of share-based incentive compensation	—	—	2,306	—	—	2,306	—	962	3,268
Vesting of share-based incentive compensation	4,024	—	69	—	—	69	—	—	69
Non-controlling interest contributions	—	—	—	—	—	—	—	335	335
Non-controlling interest distributions	—	—	—	—	—	—	—	(575)	(575)
Common stock dividends declared	—	—	—	—	(2,224)	(2,224)	—	—	(2,224)
Other comprehensive income (loss), net of tax	—	—	—	(1,288)	—	(1,288)	—	(530)	(1,818)
Subsidiary preferred dividends declared	—	—	—	—	(1,597)	(1,597)	—	—	(1,597)
Net income (loss)	—	—	—	—	14,448	14,448	—	7,525	21,973
Balance at June 30, 2024	36,785,305	\$ 37	\$ 387,513	\$ (29,216)	\$ 78,115	\$ 436,449	\$ 77,679	\$ 103,941	\$ 618,069

	Common stock						Non-controlling interests			
	Number of shares	Par value	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total stockholders' equity	Fortegra preferred interests	Common interests	Total stockholders' equity	
Balance at December 31, 2022	36,385,299	\$ 36	\$ 382,645	\$ (39,429)	\$ 54,113	\$ 397,365	\$ 77,679	\$ 58,529	\$ 533,573	
Amortization of share-based incentive compensation	—	—	2,173	—	—	2,173	—	41	2,214	

Vesting of share-based incentive compensation	294,642	1	(565)	—	—	(564)	—	(470)	(1,034)
Shares issued upon exercise of options	55,007	—	—	—	—	—	—	—	—
Non-controlling interest distributions	—	—	(1,751)	—	—	(1,751)	—	(3,174)	(4,925)
Net change in non-controlling interests and other	—	—	—	—	—	—	—	3,608	3,608
Common stock dividends declared	—	—	—	—	(1,850)	(1,850)	—	—	(1,850)
Other comprehensive income (loss), net of tax	—	—	—	6,336	—	6,336	—	2,062	8,398
Subsidiary preferred dividends declared	—	—	—	—	(1,578)	(1,578)	—	—	(1,578)
Net income (loss)	—	—	—	—	516	516	—	2,635	3,151
Balance at March 31, 2023	36,734,948	\$ 37	\$ 382,502	\$ (33,093)	\$ 51,201	\$ 400,647	\$ 77,679	\$ 63,231	\$ 541,557

TIPTREE INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

(in thousands, except shares)

	Common stock					Non-controlling interests			
	Number of shares	Par value	Additional paid-in capital	Accumulated other comprehensive income (loss)		Total Tiptree Inc. stockholders' equity	Fortegra preferred interests	Common interests	Total stockholders' equity
				Retained earnings	Total Tiptree Inc. stockholders' equity				
Balance at December 31, 2022	36,385,299	\$ 36	\$ 382,645	\$ (39,429)	\$ 54,113	\$ 397,365	\$ 77,679	\$ 58,529	\$ 533,573
Amortization of share-based incentive compensation	—	—	3,576	—	—	3,576	—	490	4,066
Vesting of share-based incentive compensation	301,989	1	(462)	—	—	(461)	—	(470)	(931)
Shares issued upon exercise of options	55,007	—	—	—	—	—	—	—	—
Non-controlling interest distributions	—	—	(1,751)	—	—	(1,751)	—	(3,174)	(4,925)
Net change in non-controlling interests and other	—	—	(4,267)	—	—	(4,267)	—	2,106	(2,161)
Common stock dividends declared	—	—	—	—	(3,700)	(3,700)	—	—	(3,700)
Other comprehensive income (loss), net of tax	—	—	—	6,203	—	6,203	—	2,116	8,319
Subsidiary preferred dividends declared	—	—	—	—	(3,174)	(3,174)	—	—	(3,174)
Net income (loss)	—	—	—	—	8,101	8,101	—	6,900	15,001
Balance at June 30, 2023	36,742,295	\$ 37	\$ 379,741	\$ (33,226)	\$ 55,340	\$ 401,892	\$ 77,679	\$ 66,497	\$ 546,068

	Common stock					Non-controlling interests			
	Number of shares	Par value	Additional paid-in capital	Accumulated other		Total Tiptree Inc. stockholders' equity	Fortegra preferred interests	Common interests	Total stockholders' equity
				comprehensive income (loss)	Retained earnings				
Balance at March 31, 2023	36,734,948	\$ 37	\$ 382,502	\$ (33,093)	\$ 51,201	\$ 400,647	\$ 77,679	\$ 63,231	\$ 541,557
Amortization of share-based incentive compensation	—	—	1,403	—	—	1,403	—	449	1,852
Vesting of share-based incentive compensation	7,347	—	103	—	—	103	—	—	103
Net change in non-controlling interests and other	—	—	(4,267)	—	—	(4,267)	—	(1,502)	(5,769)
Common stock dividends declared	—	—	—	—	(1,850)	(1,850)	—	—	(1,850)
Other comprehensive income (loss), net of tax	—	—	—	(133)	—	(133)	—	54	(79)
Subsidiary preferred dividends declared	—	—	—	—	(1,596)	(1,596)	—	—	(1,596)
Net income (loss)	—	—	—	—	7,585	7,585	—	4,265	11,850
Balance at June 30, 2023	36,742,295	\$ 37	\$ 379,741	\$ (33,226)	\$ 55,340	\$ 401,892	\$ 77,679	\$ 66,497	\$ 546,068

See accompanying notes to condensed consolidated financial statements.

TIPTREE INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows (Unaudited)

(in thousands)

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	2024
	2024
	Six Months Ended June 30,
	Six Months Ended June 30,
	Six Months Ended June 30,
	2024
Operating Activities:	
Operating Activities:	
Operating Activities:	
Net income (loss) attributable to common stockholders	
Net income (loss) attributable to common stockholders	
Net income (loss) attributable to common stockholders	
Net income (loss) attributable to non-controlling interests	
Net income (loss) attributable to non-controlling interests	
Net income (loss) attributable to non-controlling interests	
Net income (loss)	
Net income (loss)	
Net income (loss)	
Adjustments to reconcile net income to net cash provided by (used in) operating activities	
Adjustments to reconcile net income to net cash provided by (used in) operating activities	
Adjustments to reconcile net income to net cash provided by (used in) operating activities	
Net realized and unrealized (gains) losses	
Net realized and unrealized (gains) losses	
Net realized and unrealized (gains) losses	
Non-cash compensation expense	
Non-cash compensation expense	
Non-cash compensation expense	
Amortization/accretion of premiums and discounts	
Amortization/accretion of premiums and discounts	
Amortization/accretion of premiums and discounts	
Depreciation and amortization expense	
Depreciation and amortization expense	
Depreciation and amortization expense	
Non-cash lease expense	
Non-cash lease expense	
Non-cash lease expense	
Deferred provision (benefit) for income taxes	
Deferred provision (benefit) for income taxes	
Deferred provision (benefit) for income taxes	
Amortization of deferred financing costs	
Amortization of deferred financing costs	
Amortization of deferred financing costs	
Change in fair value of liability classified warrants	
Change in fair value of liability classified warrants	
Change in fair value of liability classified warrants	
Other	
Other	
Other	

Changes in operating assets and liabilities:

Changes in operating assets and liabilities:

Changes in operating assets and liabilities:

Mortgage loans originated for sale

Mortgage loans originated for sale

Mortgage loans originated for sale

Proceeds from the sale of mortgage loans originated for sale

Proceeds from the sale of mortgage loans originated for sale

Proceeds from the sale of mortgage loans originated for sale

(Increase) decrease in notes and accounts receivable

(Increase) decrease in notes and accounts receivable

(Increase) decrease in notes and accounts receivable

(Increase) decrease in reinsurance recoverable

(Increase) decrease in reinsurance recoverable

(Increase) decrease in reinsurance recoverable

(Increase) decrease in prepaid reinsurance premiums

(Increase) decrease in prepaid reinsurance premiums

(Increase) decrease in prepaid reinsurance premiums

(Increase) decrease in deferred acquisition costs

(Increase) decrease in deferred acquisition costs

(Increase) decrease in deferred acquisition costs

(Increase) decrease in other assets

(Increase) decrease in other assets

(Increase) decrease in other assets

Increase (decrease) in unearned premiums

Increase (decrease) in unearned premiums

Increase (decrease) in unearned premiums

Increase (decrease) in policy liabilities and unpaid claims

Increase (decrease) in policy liabilities and unpaid claims

Increase (decrease) in policy liabilities and unpaid claims

Increase (decrease) in deferred revenue

Increase (decrease) in deferred revenue

Increase (decrease) in deferred revenue

Increase (decrease) in reinsurance payable

Increase (decrease) in reinsurance payable

Increase (decrease) in reinsurance payable

Increase (decrease) in other liabilities and accrued expenses

Increase (decrease) in other liabilities and accrued expenses

Increase (decrease) in other liabilities and accrued expenses

Net cash provided by (used in) operating activities

Net cash provided by (used in) operating activities

Net cash provided by (used in) operating activities

Investing Activities:

Investing Activities:

Investing Activities:

Purchases of investments

Purchases of investments

Purchases of investments

Proceeds from sales and maturities of investments

Proceeds from sales and maturities of investments

Proceeds from sales and maturities of investments

Purchases of property, plant and equipment

Purchases of property, plant and equipment

Purchases of property, plant and equipment

Proceeds from notes receivable

Proceeds from notes receivable

Proceeds from notes receivable

Issuance of notes receivable

Issuance of notes receivable

Issuance of notes receivable

Business and asset acquisitions, net of cash and deposits

Business and asset acquisitions, net of cash and deposits

Business and asset acquisitions, net of cash and deposits

Net cash provided by (used in) investing activities

Net cash provided by (used in) investing activities

Net cash provided by (used in) investing activities

Financing Activities:

Financing Activities:

Financing Activities:

Dividends paid

Dividends paid

Dividends paid

Net non-controlling interest (redemptions) contributions and other

Net non-controlling interest (redemptions) contributions and other

Net non-controlling interest (redemptions) contributions and other

Payment of debt issuance costs

Payment of debt issuance costs

Payment of debt issuance costs

Proceeds from borrowings and mortgage notes payable

Proceeds from borrowings and mortgage notes payable

Proceeds from borrowings and mortgage notes payable

Principal paydowns of borrowings and mortgage notes payable

Principal paydowns of borrowings and mortgage notes payable

Principal paydowns of borrowings and mortgage notes payable

Net cash provided by (used in) financing activities

Net cash provided by (used in) financing activities

Net cash provided by (used in) financing activities

Effect of exchange rate changes on cash

Effect of exchange rate changes on cash

Effect of exchange rate changes on cash

Net increase (decrease) in cash, cash equivalents and restricted cash

Net increase (decrease) in cash, cash equivalents and restricted cash

Net increase (decrease) in cash, cash equivalents and restricted cash

Cash, cash equivalents and restricted cash – beginning of period

Cash, cash equivalents and restricted cash – beginning of period

Cash, cash equivalents and restricted cash – beginning of period

Cash, cash equivalents and restricted cash – end of period

Cash, cash equivalents and restricted cash – end of period

Cash, cash equivalents and restricted cash – end of period

Supplemental Schedule of Non-Cash Investing and Financing Activities:

Supplemental Schedule of Non-Cash Investing and Financing Activities:

Supplemental Schedule of Non-Cash Investing and Financing Activities:

Right of use asset obtained in exchange for lease liability

Right of use asset obtained in exchange for lease liability
Right of use asset obtained in exchange for lease liability

As of
As of
As of

Reconciliation of cash, cash equivalents and restricted cash

Reconciliation of cash, cash equivalents and restricted cash

Reconciliation of cash, cash equivalents and restricted cash

Cash and cash equivalents
Cash and cash equivalents
Cash and cash equivalents

Restricted cash
Restricted cash
Restricted cash

Total cash, cash equivalents and restricted cash shown in the statements of cash flows
Total cash, cash equivalents and restricted cash shown in the statements of cash flows
Total cash, cash equivalents and restricted cash shown in the statements of cash flows

See accompanying notes to condensed consolidated financial statements.

TIPTREE INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

March 31, June 30, 2024

(in thousands, except share data)

(1) Organization

Tiptree Inc. (together with its consolidated subsidiaries, collectively, Tiptree, the Company, or we) is a Maryland Corporation that was incorporated on March 19, 2007. Tiptree's common stock trades on the Nasdaq Capital Market under the symbol "TIPT". Tiptree is a holding company that allocates capital across a broad spectrum of businesses, assets and other investments. We classify our business into two reportable segments: Insurance and Mortgage. We refer to our non-insurance operations, assets and other investments, which is comprised of our Mortgage reportable segment and our non-reportable segments and other business activities, as Tiptree Capital.

On June 21, 2022, the Company closed the WP Transaction whereby Warburg invested \$200,000 in Fortegra in exchange for Fortegra Common Stock, Fortegra Preferred Stock, Fortegra Warrants and Fortegra Additional Warrants. See Note (16) Stockholders' Equity for additional information regarding the terms of the securities issued in connection with the closing of the WP Transaction. As of **March 31, 2024** **June 30, 2024**, Fortegra was owned approximately 79.3% by Tiptree Holdings, 17.7% by Warburg and 3.0% by management and directors of Fortegra, before giving effect to the exercise of outstanding warrants and the conversion of outstanding preferred stock.

(2) Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements of Tiptree have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) and include the accounts of the Company and its subsidiaries. The condensed consolidated financial statements are presented in U.S. dollars, the main operating currency of the Company. The unaudited condensed consolidated financial statements presented herein should be read in conjunction with the annual audited financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023. In the opinion of management, the accompanying unaudited interim financial information reflects all adjustments, including normal recurring adjustments necessary to present fairly the Company's financial position, results of operations, comprehensive income and cash flows for each of the interim periods presented. The results of operations for the three **and six** months ended **March 31, 2024** **June 30, 2024** are not necessarily indicative of the results that may be expected for the full year ending on December 31, 2024.

Non-controlling interests (NCI) on the condensed consolidated balance sheets represent the ownership interests in certain consolidated subsidiaries held by entities or persons other than Tiptree. Accounts and transactions between consolidated entities have been eliminated.

Recent Accounting Standards

Recently Adopted Accounting Pronouncements

During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, there were no accounting standards adopted by the Company.

TIPTREE INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

March 31, June 30, 2024

(in thousands, except share data)

Recently Issued Accounting Pronouncements, Not Yet Adopted

Accounting Standard Update	Description	Adoption Date	Impact on Financial Statements
2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting and 2022-06 Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848	The amendments in these updates provide optional guidance for a limited period to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The amendments provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform if certain criteria are met.	The standard is effective for all entities as of March 12, 2020, through December 31, 2024.	The Company is evaluating its option to adopt the guidance when it is applicable.
2023-07 (Topic 280) Improvements to Reportable Segment Disclosures	In November 2023, the Financial Accounting Standards Board (FASB) issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (ASU 2023-07), which requires an enhanced disclosure of significant segment expenses on an annual and interim basis. This guidance will be effective for the annual periods beginning the year ended December 31, 2024, and for interim periods beginning January 1, 2025. Early adoption is permitted. Upon adoption, the guidance should be applied retrospectively to all prior periods presented in the financial statements.	The amendments in this update are effective for annual periods beginning after December 31, 2024 December 15, 2023.	The Company does not expect the adoption of this guidance to have a material impact on our consolidated financial statements.
2023-09, Income Taxes (Topic 740) Improvements to Income Tax Disclosures	The amendments in this update enhance the transparency and decision usefulness of income tax disclosures. Investors, lenders, creditors, and other allocators of capital (collectively, "investors") indicated that the existing income tax disclosures should be enhanced to provide information to better assess how an entity's operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. Investors currently rely on the rate reconciliation table and other disclosures, including total income taxes paid, to evaluate income tax risks and opportunities. While investors find these disclosures helpful, they suggested possible enhancements to better (1) understand an entity's exposure to potential changes in jurisdictional tax legislation and the ensuing risks and opportunities, (2) assess income tax information that affects cash flow forecasts and capital allocation decisions, and (3) identify potential opportunities to increase future cash flows.	The amendments in this update are effective for annual periods beginning after December 15, 2024.	The Company is evaluating timing on when expects to adopt the this guidance, within the year, when required, which will enhance our income tax disclosures.

(3) Acquisitions

Acquisition of Premia Solutions Limited

On February 6, 2023, a subsidiary of Fortegra acquired a majority of the equity interests in Premia for total cash consideration of approximately \$19,726, net of cash acquired of \$3,873. Premia is an intermediate provider of automotive protection products in the United Kingdom.

Identifiable assets acquired were primarily made up of goodwill and intangible assets. Management's allocation of the purchase price to the net assets acquired resulted in the recording of goodwill and intangible assets of \$18,359 and \$18,152, respectively. See Note (8) Goodwill and Intangible Assets, net.

(4) Operating Segment Data

Tiptree is a holding company that allocates capital across a broad spectrum of businesses, assets and other investments. Tiptree's principal operating subsidiary, Fortegra, is a leading provider of specialty insurance, service contract products and related service solutions. Based on the quantitative analysis performed related to Accounting Standard Codification ("ASC") (ASC) 280, Segment Reporting, our reportable segments are Insurance and Mortgage. We refer to our non-insurance operations, assets and other investments, comprised of our Mortgage reportable segment and our non-reportable operating segments and other business activities, as Tiptree Capital. Corporate activities include holding company interest expense, employee compensation and benefits, and other expenses.

TIPTREE INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

March 31, 2024

(in thousands, except share data)

Our reportable segments' income or loss is reported before income taxes and non-controlling interests. Segment results incorporate the revenues and expenses of these subsidiaries since they commenced operations or were acquired. Intercompany transactions are eliminated.

TIPTREE INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

June 30, 2024

(in thousands, except share data)

Descriptions of our Insurance reportable segment and Tiptree Capital, including our Mortgage reportable segment, are as follows:

Insurance operations are conducted through Fortegra, which is a leading provider of specialty insurance products and related services. Fortegra designs, markets and underwrites specialty property and casualty insurance products incorporating value-added coverages and services for select target markets or niches. Fortegra's products and services include niche commercial and personal lines, service contracts, and other insurance services.

Tiptree Capital:

Mortgage operations are conducted through Reliance. The Company's mortgage business originates loans for sale to institutional investors, including GSEs and FHA/VA and services loans on behalf of Fannie Mae, Freddie Mac, and Ginnie Mae.

Other includes our remaining maritime shipping operations, asset management and other investments.

The tables below present the components of revenue, expense, income (loss) before taxes, and assets for our reportable segments as well as Tiptree Capital - Other for the following periods:

	Three Months Ended June 30, 2024			
	Insurance	Tiptree Capital		Total
		Mortgage	Other	
Total revenues	\$ 529,942	\$ 15,883	\$ 848	\$ 546,673
Total expenses	(478,692)	(15,355)	(636)	(494,683)
Corporate expenses	—	—	—	(11,344)
Income (loss) before taxes	\$ 51,250	\$ 528	\$ 212	\$ 40,646
Less: provision (benefit) for income taxes				18,673
Net income (loss)				\$ 21,973
Less: net income (loss) attributable to non-controlling interests				9,122
Net income (loss) attributable to common stockholders				\$ 12,851

	Three Months Ended June 30, 2023			
	Insurance	Tiptree Capital		Total
		Mortgage	Other	
Total revenues	\$ 384,677	\$ 17,067	\$ 2,774	\$ 404,518
Total expenses	(354,260)	(15,755)	(1,319)	(371,334)
Corporate expenses	—	—	—	(9,510)
Income (loss) before taxes	\$ 30,417	\$ 1,312	\$ 1,455	\$ 23,674
Less: provision (benefit) for income taxes				11,824
Net income (loss)				\$ 11,850
Less: net income (loss) attributable to non-controlling interests				5,861
Net income (loss) attributable to common stockholders				\$ 5,989

	Three Months Ended March 31, 2024				Six Months Ended June 30, 2024			
	Tiptree Capital							
	Insurance							
Total revenues	Insurance	Mortgage	Other	Total	Mortgage	Other	Total	
Total expenses								
Corporate expenses								
Income (loss) before taxes								
Less: provision (benefit) for income taxes								
Net income (loss)								
Net income (loss)								
Net income (loss)								
Less: net income (loss) attributable to non-controlling interests								
Net income (loss) attributable to common stockholders								

	Three Months Ended March 31, 2023			
	Insurance	Tiptree Capital		Total
		Mortgage	Other	
Total revenues	\$ 368,444	\$ 11,561	\$ 1,620	\$ 381,625
Total expenses	(348,999)	(14,126)	(178)	(363,303)
Corporate expenses	—	—	—	(10,149)
Income (loss) before taxes	\$ 19,445	\$ (2,565)	\$ 1,442	\$ 8,173
Less: provision (benefit) for income taxes				5,022
Net income (loss)				\$ 3,151
Less: net income (loss) attributable to non-controlling interests				4,213
Net income (loss) attributable to common stockholders				\$ (1,062)

TIPTREE INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2024
(in thousands, except share data)

	Six Months Ended June 30, 2023			
	Insurance	Tiptree Capital		Total
		Mortgage	Other	
Total revenues	\$ 753,121	\$ 28,628	\$ 4,394	\$ 786,143
Total expenses	(703,259)	(29,881)	(1,497)	(734,637)
Corporate expenses	—	—	—	(19,659)
Income (loss) before taxes	\$ 49,862	\$ (1,253)	\$ 2,897	\$ 31,847
Less: provision (benefit) for income taxes				16,846
Net income (loss)				\$ 15,001
Less: net income (loss) attributable to non-controlling interests				10,074
Net income (loss) attributable to common stockholders				\$ 4,927

The Company conducts its operations primarily in the U.S. with 5.2% 4.2% and 4.0% 6.8% of total revenues generated overseas for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and 4.6% and 5.4% for the six months ended June 30, 2024 and 2023, respectively.

TIPTREE INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
March 31, 2024
(in thousands, except share data)

The following table presents the reportable segments, Tiptree Capital - Other and Corporate assets for the following periods:

Following table presents the reportable segment, Tiptree Capital, and Corporate assets for the following periods:																			
As of March 31, 2024					As of December 31, 2023														
As of June 30, 2024					As of December 31, 2023														
Tiptree Capital																			
Insurance																			
Insurance																			
Insurance																			
Insurance																			
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(5) Investments

The following table presents the Company's investments related to insurance operations and other Tiptree investing activities, measured at fair value as of the following periods:

	As of March 31, 2024
	As of March 31, 2024
	As of March 31, 2024
	As of June 30, 2024
	As of June 30, 2024

As of June 30, 2024	
	Tiptree Capital
	Tiptree Capital
	Tiptree Capital
	Insurance
	Insurance
	Insurance
Available for sale securities, at fair value, net of allowance for credit losses	
Available for sale securities, at fair value, net of allowance for credit losses	
Available for sale securities, at fair value, net of allowance for credit losses	
Loans, at fair value	
Loans, at fair value	
Loans, at fair value	
Equity securities	
Equity securities	
Equity securities	
Other investments	
Other investments	
Other investments	
Total investments	
Total investments	
Total investments	

As of December 31, 2023				
	Tiptree Capital			Total
	Insurance	Mortgage	Other	
Available for sale securities, at fair value, net of allowance for credit losses	\$ 772,135	\$ —	\$ 30,474	\$ 802,609
Loans, at fair value	11,218	58,338	—	69,556
Equity securities	27,113	—	41,195	68,308
Other investments	106,760	3,931	397	111,088
Total investments	\$ 917,226	\$ 62,269	\$ 72,066	\$ 1,051,561

Available for Sale Securities, at fair value

A majority of the Company's investments in Available for Sale Securities, at fair value, net of allowance for credit losses (AFS securities) as of **March 31, 2024**, **June 30, 2024** and December 31, 2023 are held by subsidiaries in the insurance segment. The following tables present the Company's investments in AFS securities:

As of March 31, 2024					
	Amortized cost	Allowance for credit	Gross	Gross	Fair value
		losses ⁽¹⁾	unrealized gains	unrealized losses	
U.S. Treasury securities and obligations of U.S. government authorities and agencies	\$ 391,919	\$ —	\$ 517	\$ (30,255)	\$ 362,181
Obligations of state and political subdivisions	47,812	(1)	12	(3,373)	44,450
Corporate securities	353,137	(179)	1,580	(9,372)	345,166
Asset backed securities	28,480	(26)	1	(2,970)	25,485
Certificates of deposit	1,724	—	—	—	1,724
Obligations of foreign governments	2,343	—	—	(153)	2,190
Total	\$ 825,415	\$ (206)	\$ 2,110	\$ (46,123)	\$ 781,196

TIPTREE INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

March 31, June 30, 2024
(in thousands, except share data)

As of June 30, 2024					
	Amortized cost	Allowance for credit losses ⁽¹⁾	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. Treasury securities and obligations of U.S. government authorities and agencies					
Obligations of state and political subdivisions					
Corporate securities					
Asset backed securities					
Certificates of deposit					
Obligations of foreign governments					
Total					
As of December 31, 2023					
As of December 31, 2023					

As of December 31, 2023											
	Amortized cost	Amortized cost	Allowance for credit losses ⁽¹⁾	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Allowance for credit losses ⁽¹⁾	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. Treasury securities and obligations of U.S. government authorities and agencies											
Obligations of state and political subdivisions											
Corporate securities											
Asset backed securities											
Certificates of deposit											
Obligations of foreign governments											
Total											

⁽¹⁾ Represents the amount of impairment that has resulted from credit-related factors, and therefore was recognized in net realized and unrealized gains (losses) as a credit loss on AFS securities. Amount excludes unrealized losses relating to non-credit factors.

The amortized cost and fair values of AFS securities, by contractual maturity date, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

As of									
		March 31, 2024		December 31, 2023					
		June 30, 2024		December 31, 2023					
	Amortized cost	Amortized cost	Fair value	Amortized cost	Fair value	Amortized cost	Fair value	Amortized cost	Fair value
Due in one year or less									
Due after one year through five years									
Due after five years through ten years									
Due after ten years									
Asset backed securities									
Total									

The following tables present the gross unrealized losses on AFS securities by length of time that individual AFS securities have been in a continuous unrealized loss position for less than twelve months, and twelve months or greater and do not have an allowance for credit losses:

As of March 31, 2024				As of June 30, 2024			
Less Than or Equal to One Year		Less Than or Equal to One Year		More Than One Year	Less Than or Equal to One Year		More Than One Year

	Fair value	Fair value	Gross unrealized losses	# of Securities ⁽¹⁾	Fair value	Gross unrealized losses	# of Securities ⁽¹⁾	Fair value	Gross unrealized losses	# of Securities ⁽¹⁾	Fair value	Gross unrealized losses	# of Securities ⁽¹⁾
U.S. Treasury securities and obligations of U.S. government authorities and agencies													
Obligations of state and political subdivisions													
Corporate securities													
Asset backed securities													
Obligations of foreign governments													
Obligations of foreign governments													
Obligations of foreign governments													
Total													

TIPTREE INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

March 31, June 30, 2024

(in thousands, except share data)

Total	As of December 31, 2023											
	As of December 31, 2023											
	As of December 31, 2023											
	Less Than or Equal to One Year		Less Than or Equal to One Year		More Than One Year			Less Than or Equal to One Year		More Than One Year		
Fair value	Fair value	Gross unrealized losses	# of Securities ⁽¹⁾	Fair value	Gross unrealized losses	# of Securities ⁽¹⁾	Fair value	Gross unrealized losses	# of Securities ⁽¹⁾	Fair value	Gross unrealized losses	# of Securities ⁽¹⁾
U.S. Treasury securities and obligations of U.S. government authorities and agencies												
Obligations of state and political subdivisions												
Corporate securities												
Asset backed securities												
Obligations of foreign governments												
Obligations of foreign governments												
Obligations of foreign governments												
Total												

⁽¹⁾ Presented in whole numbers.

Management believes that it is more likely than not that the Company will be able to hold the fixed maturity AFS securities that were in an unrealized loss position as of March 31, 2024 June 30, 2024 until full recovery of their amortized cost basis.

The table below presents a roll-forward of the activity in the allowance for credit losses on AFS securities by type as of March 31, 2024 June 30, 2024:

	Obligations of state and political subdivisions	Obligations of state and political subdivisions	Corporate securities	Asset backed securities	Obligations of foreign governments	Total	Obligations of state and political subdivisions	Corporate securities	Asset backed securities	Obligations of foreign governments	Total
Balance at December 31, 2022											
(Increase) in allowance for credit losses											
Gains from recoveries of amounts previously written off											
Gains from recoveries of amounts previously written off											
Gains from recoveries of amounts previously written off											
Balance at March 31, 2023											
Balance at June 30, 2023											

Balance at December 31, 2023
Balance at December 31, 2023
Balance at December 31, 2023
(Increase) in allowance for credit losses
Additions for AFS securities purchased with credit deterioration during the year
Reduction in credit losses due to AFS securities sold during the year
Gains from recoveries of amounts previously written off
Gains from recoveries of amounts previously written off
Gains from recoveries of amounts previously written off
Balance at March 31, 2024
Balance at June 30, 2024

The Company applies a discounted cash flow model, based on assumptions and model outputs provided by an investment management company, in determining its lifetime expected credit losses on AFS securities. This includes determining the present value of expected future cash flows discounted at the book yield of the security.

The table below presents the amount of gains from recoveries (credit losses) on AFS securities recorded by the Company for the following period:

	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	2024	
	2024	
	Three Months Ended June 30,	
	Three Months Ended June 30,	
	Three Months Ended June 30,	Six Months Ended June 30,
	2024	
Net gains from recoveries (credit losses) on AFS securities		
Net gains from recoveries (credit losses) on AFS securities		
Net gains from recoveries (credit losses) on AFS securities		

Pursuant to certain reinsurance agreements and statutory licensing requirements, the Company has deposited invested assets in custody accounts or insurance department safekeeping accounts. The Company cannot remove or replace investments in regulatory deposit accounts without prior approval of the contractual party or regulatory authority, as applicable. The following table presents the Company's restricted investments included in the Company's AFS securities:

TIPTREE INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

March 31, June 30, 2024

(in thousands, except share data)

	As of	
	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Fair value of restricted investments in trust pursuant to reinsurance agreements		
Fair value of restricted investments in trust pursuant to reinsurance agreements		
Fair value of restricted investments in trust pursuant to reinsurance agreements		
Fair value of restricted investments for special deposits required by state insurance departments		

Total fair value of restricted investments

The following table presents additional information on the Company's AFS securities:

	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended June 30,	
	Three Months Ended June 30,	
	Three Months Ended June 30,	Six Months Ended June 30,
	2024	
	2024	
	2024	

Purchases of AFS securities

Purchases of AFS securities

Purchases of AFS securities

Proceeds from maturities, calls and prepayments of AFS securities

Proceeds from maturities, calls and prepayments of AFS securities

Proceeds from maturities, calls and prepayments of AFS securities

Gross proceeds from sales of AFS securities

Gross proceeds from sales of AFS securities

Gross proceeds from sales of AFS securities

The following table presents the gross realized gains and gross realized losses from sales and redemptions of AFS securities:

	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended June 30,	
	Three Months Ended June 30,	
	Three Months Ended June 30,	Six Months Ended June 30,
	2024	
	2024	
	2024	

Gross realized gains

Gross realized gains

Gross realized gains

Gross realized (losses)

Gross realized (losses)

Gross realized (losses)

Total net realized gains (losses) from investment sales and redemptions

Total net realized gains (losses) from investment sales and redemptions

Total net realized gains (losses) from investment sales and redemptions

Loans, at fair value

The following table presents the Company's investments in loans measured at fair value and the Company's investments in loans measured at fair value pledged as collateral:

As of March 31, 2024						As of December 31, 2023											
As of June 30, 2024						As of December 31, 2023											
	Fair value	Fair value	Unpaid principal balance (UPB)	Fair value exceeds / (below) UPB	Pledged as collateral	Fair value	Unpaid principal balance (UPB)	Fair value exceeds / (below) UPB	Pledged as collateral	Fair value	Unpaid principal balance (UPB)	Fair value exceeds / (below) UPB	Pledged as collateral	Fair value	Unpaid principal balance (UPB)	Fair value exceeds / (below) UPB	Pledged as collateral
Insurance:																	
Corporate loans (1)																	
Corporate loans (1)																	
Corporate loans (1)																	
Mortgage:																	
Mortgage:																	
Mortgage:																	
Mortgage loans held for sale (2)																	
Mortgage loans held for sale (2)																	
Mortgage loans held for sale (2)																	
Total loans, at fair value																	

(1) The cost basis of Corporate loans was approximately \$12,671 and \$14,671 at March 31, 2024, June 30, 2024 and December 31, 2023, respectively.

(2) As of March 31, 2024, June 30, 2024, there were three mortgage loans held for sale that were 90 days or more past due. As of December 31, 2023, there were three mortgage loans held for sale that were 90 days or more past due.

Equity Securities

Equity securities consist mainly of publicly traded common and preferred stocks and fixed income exchange traded funds. Included As of December 31, 2023, 16.98 million shares of Invesque were included within the equity securities balance, are 16.98 million shares of Invesque as of March 31, 2024 and December 31, 2023, for which the Company has elected to apply the fair value option. On April 15, 2024, the Company sold its 16.98 million shares of Invesque for \$625 of proceeds resulting in a realized loss of \$134,204. The following table presents information on the cost and fair value of the Company's equity securities related to Insurance and Tiptree Capital as of the following periods:

TIPTREE INC. AND SUBSIDIARIES									
Notes to Condensed Consolidated Financial Statements									
March 31, June 30, 2024									
(in thousands, except share data)									
				As of March 31, 2024					
				As of March 31, 2024					
				As of March 31, 2024					
				Insurance					
				Insurance					
				As of June 30, 2024					
				Insurance	Cost	Insurance	Fair Value	Tiptree Capital - Other	Total
				Cost	Cost	Fair Value	Cost	Fair Value	Cost
				Cost	Cost				
				Cost	Cost				
Invesque									
Invesque									

Invesque
Fixed income exchange traded funds
Fixed income exchange traded funds
Fixed income exchange traded funds
Other equity securities
Other equity securities
Exchange traded funds
Exchange traded funds
Exchange traded funds
Other equity securities
Total equity securities
Total equity securities
Total equity securities

As of December 31, 2023														
Insurance		Insurance	Tiptree Capital - Other		Total			Insurance			Tiptree Capital - Other	Total		
Cost	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value

Invesque
Fixed income exchange traded funds
Exchange traded funds
Other equity securities
Total equity securities

Other Investments

The following table contains information regarding the Company's other investments as of the following periods:

	As of March 31, 2024				As of June 30, 2024			
	Tiptree Capital							
	Insurance							
	Insurance	Insurance	Insurance	Insurance	Mortgage	Other	Total	Total
Corporate bonds, at fair value ⁽¹⁾								
Debentures								
Debentures								
Debentures								
Investment in credit fund								
Investment in credit fund								
Investment in credit fund								
Other								
Total other investments								

	As of December 31, 2023				
	Tiptree Capital				Total
	Insurance	Mortgage	Other	Total	
Corporate bonds, at fair value ⁽¹⁾	\$ 62,081	\$ —	\$ —	\$ —	\$ 62,081
Debentures	25,648	—	—	—	25,648
Investment in credit fund	11,830	—	—	—	11,830
Other	7,201	3,931	397	—	11,529
Total other investments	\$ 106,760	\$ 3,931	\$ 397	\$ —	\$ 111,088

⁽¹⁾ The cost basis of corporate bonds was \$39,378 \$8,941 and \$59,315 as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

TIPTREE INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

March 31, June 30, 2024
(in thousands, except share data)

Net Investment Income - Insurance

Net investment income represents investment income and expense from investments related to insurance operations as disclosed within net investment income on the condensed consolidated statements of operations. The following table presents the components of net investment income by source of income:

	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,
	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,
	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,
	2024	2024	2024
	Three Months Ended June 30,	Three Months Ended June 30,	Six Months Ended June 30,
	Three Months Ended June 30,	Three Months Ended June 30,	Three Months Ended June 30,
	2024	2024	2024
Interest:			
Interest:			
Interest:			
AFS securities			
AFS securities			
AFS securities			
Loans, at fair value			
Loans, at fair value			
Loans, at fair value			
Other investments			
Other investments			
Other investments			
Dividends from equity securities			
Dividends from equity securities			
Dividends from equity securities			
Subtotal			
Subtotal			
Subtotal			
Less: investment expenses			
Less: investment expenses			
Less: investment expenses			
Net investment income			
Net investment income			
Net investment income			

Other Investment Income - Tiptree Capital

Other investment income represents revenue from non-insurance activities as disclosed within other revenue on the condensed consolidated statements of operations, see Note (15) Other Revenue and Other Expenses. The following tables present the components of other investment income by type:

Three Months Ended March 31,
Three Months Ended March 31,
Three Months Ended March 31,

	Three Months Ended	
	March 31,	
	2024	
	2024	
	Three Months Ended	
	June 30,	
	Three Months Ended	
	June 30,	
	Three Months Ended	Six Months Ended
	June 30,	June 30,
	2024	
	2024	

Interest income from Loans, at fair value
Interest income from Loans, at fair value
Interest income from Loans, at fair value
Loan fee income
Loan fee income
Loan fee income
Other
Other
Other
Other investment income
Other investment income
Other investment income

Net Realized and Unrealized Gains (Losses)

The following table presents the components of net realized and unrealized gains (losses) recorded on the condensed consolidated statements of operations. Net unrealized gains (losses) on AFS securities are included within other comprehensive income (loss) ("**OCI**") (**OCI**), net of tax, and, as such, are not included in this table. Net realized and unrealized gains (losses) on non-investment related financial assets and liabilities are included below:

	Three Months Ended	
	March 31,	
	Three Months Ended	
	March 31,	
	Three Months Ended	
	March 31,	
	2024	
	2024	
	Three Months Ended	
	June 30,	
	Three Months Ended	
	June 30,	
	Three Months Ended	Six Months Ended
	June 30,	June 30,
	2024	
	2024	

Net realized gains (losses)
Net realized gains (losses)
Net realized gains (losses)
Insurance:
Insurance:
Insurance:
Reclass of unrealized gains (losses) on AFS securities from OCI
Reclass of unrealized gains (losses) on AFS securities from OCI
Reclass of unrealized gains (losses) on AFS securities from OCI
Net gains from recoveries (credit losses) on AFS securities
Net gains from recoveries (credit losses) on AFS securities

Net gains from recoveries (credit losses) on AFS securities

Net realized gains (losses) on loans

Net realized gains (losses) on loans

Net realized gains (losses) on loans

Net realized gains (losses) on equity securities (1)

Net realized gains (losses) on equity securities (1)

Net realized gains (losses) on equity securities (1)

Net realized gains (losses) on corporate bonds

Net realized gains (losses) on corporate bonds

Net realized gains (losses) on corporate bonds

Other

Other

Other

Tiptree Capital

Tiptree Capital

Tiptree Capital

Mortgage:

Mortgage:

Mortgage:

Net realized gains (losses) on loans

Net realized gains (losses) on loans

Net realized gains (losses) on loans

Other

Other

Other

Other:

Other:

Other:

Net realized gains (losses) on equity securities (1)

Net realized gains (losses) on equity securities (1)

Net realized gains (losses) on equity securities (1)

TIPTREE INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
March 31, June 30, 2024
(in thousands, except share data)

Total net realized gains (losses)

Total net realized gains (losses)

Total net realized gains (losses)

Net unrealized gains (losses)

Net unrealized gains (losses)

Net unrealized gains (losses)

Insurance:

Insurance:

Insurance:

Net change in unrealized gains (losses) on loans

Net change in unrealized gains (losses) on loans

Net change in unrealized gains (losses) on loans

Net gains from recoveries (credit losses) on AFS securities

Net gains from recoveries (credit losses) on AFS securities

Net gains from recoveries (credit losses) on AFS securities

Net unrealized gains (losses) on equity securities held at period end

Net unrealized gains (losses) on equity securities held at period end

Net unrealized gains (losses) on equity securities held at period end

Reclass of unrealized (gains) losses from prior periods for equity securities sold

Reclass of unrealized (gains) losses from prior periods for equity securities sold ⁽¹⁾

Reclass of unrealized (gains) losses from prior periods for equity securities sold

Reclass of unrealized (gains) losses from prior periods for equity securities sold ⁽¹⁾

Reclass of unrealized (gains) losses from prior periods for equity securities sold

Reclass of unrealized (gains) losses from prior periods for equity securities sold ⁽¹⁾

Other

Other

Other

Tiptree Capital

Tiptree Capital

Tiptree Capital

Mortgage:

Mortgage:

Mortgage:

Net change in unrealized gains (losses) on loans

Net change in unrealized gains (losses) on loans

Net change in unrealized gains (losses) on loans

Other

Other

Other

Other:

Other:

Other:

Net unrealized gains (losses) on equity securities held at period end

Net unrealized gains (losses) on equity securities held at period end

Net unrealized gains (losses) on equity securities held at period end

Reclass of unrealized (gains) losses from prior periods for equity securities sold

Reclass of unrealized (gains) losses from prior periods for equity securities sold

Reclass of unrealized (gains) losses from prior periods for equity securities sold

Reclass of unrealized (gains) losses from prior periods for equity securities sold ⁽¹⁾

Reclass of unrealized (gains) losses from prior periods for equity securities sold ⁽¹⁾

Reclass of unrealized (gains) losses from prior periods for equity securities sold ⁽¹⁾

Other

Other

Other

Total net unrealized gains (losses)

Total net unrealized gains (losses)

Total net unrealized gains (losses)

Total net realized and unrealized gains (losses)

Total net realized and unrealized gains (losses)

Total net realized and unrealized gains (losses)

(1) On April 15, 2024, the Company sold its 16.98 million shares of Invesque for \$625 of proceeds resulting in a realized loss of \$134,204.

(6) Notes and Accounts Receivable, net

The following table presents the total notes and accounts receivable, net:

As of

As of

As of

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Accounts and premiums receivable, net		
Retrospective commissions receivable		
Notes receivable, net		
Other receivables		
Other receivables		
Other receivables		
Total notes and accounts receivable, net		

The following table presents the total valuation allowance and bad debt expense for the following periods:

	Valuation allowance	Valuation allowance	Valuation allowance	Bad Debt Expense	Bad Debt Expense
	As of	As of	As of		
	As of	As of	As of	Three Months Ended March 31,	Three Months Ended June 30,
	As of	As of	As of	Three Months Ended March 31,	Six Months Ended June 30,
	March 31, 2024	June 30, 2024	December 31, 2023		
Notes receivable, net - premium financing program ⁽¹⁾					
Notes receivable, net - premium financing program ⁽¹⁾					
Notes receivable, net - premium financing program ⁽¹⁾					
Accounts and premiums receivable, net					
Accounts and premiums receivable, net					
Accounts and premiums receivable, net					

⁽¹⁾ As of March 31, 2024, June 30, 2024 and December 31, 2023, there were \$398, \$184 and \$219 in balances classified as 90 days plus past due, respectively.

(7) Reinsurance Recoverable and Prepaid Reinsurance Premiums

The following table presents the effect of reinsurance on premiums written and earned by our insurance business for the following periods:

TIPTREE INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2024
(in thousands, except share data)

	Direct Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount - Assumed to Net
Three Months Ended June 30, 2024					
<u>Premiums written:</u>					
Life insurance	\$ 19,086	\$ 9,346	\$ 13	\$ 9,753	0.1 %
Accident and health insurance	28,693	19,648	9,693	18,738	51.7 %
Property and liability insurance	525,973	286,801	98,234	337,406	29.1 %
Total premiums written	<u>\$ 573,752</u>	<u>\$ 315,795</u>	<u>\$ 107,940</u>	<u>\$ 365,897</u>	29.5 %
<u>Premiums earned:</u>					
Life insurance	\$ 19,874	\$ 9,954	\$ 53	\$ 9,973	0.5 %
Accident and health insurance	32,287	21,211	9,678	20,754	46.6 %
Property and liability insurance	449,912	232,229	150,057	367,740	40.8 %

Total premiums earned	\$	502,073	\$	263,394	\$	159,788	\$	398,467	40.1 %
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TIPTREE INC. AND SUBSIDIARIES													
Notes to Condensed Consolidated Financial Statements													
March 31, June 30, 2024													
(in thousands, except share data)													
	Direct Amount		Direct Amount		Ceded to Other Companies		Assumed from Other Companies		Net Amount		Percentage of Amount - Assumed to Net		
Three Months Ended March 31, 2024													
Three Months Ended March 31, 2024													
Three Months Ended March 31, 2024													
Three Months Ended March 31, 2024													
Three Months Ended June 30, 2023													
Premiums written:													
Premiums written:													
Premiums written:													
Life insurance													
Life insurance													
Life insurance	\$	17,344	\$		\$	8,935	\$	231	\$	8,640	2.7	2.7 %	\$ 20,177
Accident and health insurance		29,978		20,101		20,101		415		415		10,292	10,292
Property and liability insurance		409,785		222,664		222,664		112,098		112,098		299,219	299,219
Total premiums written	\$	457,107	\$		\$	251,700	\$	112,744	\$	318,151	35.4	35.4 %	Total premiums written \$ 501,328
Premiums earned:													
Premiums earned:													
Premiums earned:													
Life insurance													
Life insurance													
Life insurance	\$	20,693	\$		\$	10,621	\$	214	\$	10,286	2.1	2.1 %	\$ 20,380
Accident and health insurance		34,070		23,081		23,081		418		418		11,407	11,407
Property and liability insurance		400,830		215,897		215,897		140,684		140,684		325,617	325,617
Total premiums earned	\$	455,593	\$		\$	249,599	\$	141,316	\$	347,310	40.7	40.7 %	Total premiums earned \$ 394,319
Accident and health insurance													Accident and health insurance 28,5
Property and liability insurance													Property and liability insurance 452,6

Three Months Ended March 31, 2023													
Six Months Ended June 30, 2024													
Three Months Ended March 31, 2023													
Six Months Ended June 30, 2024													
Three Months Ended March 31, 2023													
Six Months Ended June 30, 2024													
Premiums written:													
Premiums written:													
Premiums written:													
Life insurance													
Life insurance													
Life insurance		\$	36,430		\$	18,281		\$	244		\$	18,393	1.3 %
Accident and health insurance			58,671			39,749			10,108			29,030	34.8 %
Property and liability insurance			935,758			509,465			210,332			636,625	33.0 %
Total premiums written		\$	1,030,859		\$	567,495		\$	220,684		\$	684,048	32.3 %
Premiums earned:													
Premiums earned:													
Premiums earned:													
Life insurance													
Life insurance													
Life insurance		\$	40,567		\$	20,575		\$	267		\$	20,259	1.3 %
Accident and health insurance			66,357			44,292			10,097			32,162	31.4 %
Property and liability insurance			850,742			448,126			290,740			693,356	41.9 %
Total premiums earned		\$	957,666		\$	512,993		\$	301,104		\$	745,777	40.4 %
Six Months Ended June 30, 2023													
Six Months Ended June 30, 2023													
Six Months Ended June 30, 2023													
Six Months Ended June 30, 2023													
Premiums written:													
Premiums written:													
Premiums written:													
Life insurance													
Life insurance													
Life insurance		\$	17,287	\$	8,590	\$	57	\$	8,754	0.7	\$	37,464	57.7
Accident and health insurance			29,244		19,509		5,961		15,696			38.0	38.0 %
Property and liability insurance			378,387		222,590		100,899		256,696			39.3	39.3 %
Accident and health insurance 57,7													
Property and liability insurance 831,0													

Total premiums written	Total premiums written	\$ 424,918	\$	\$250,689	\$	\$106,917	\$	\$281,146	38.0	38.0 %	Total premiums written	\$ 926,246	\$
<u>Premiums earned:</u>													
<u>Premiums earned:</u>													
<u>Premiums earned:</u>													
Life insurance	Life insurance												
Life insurance	Life insurance												
Life insurance		\$ 20,697	\$	\$ 10,354	\$	\$ 81	\$	\$ 10,424	0.8	0.8 %	\$ 41,077	\$	
Accident and health insurance	Accident and health insurance	34,381	23,274	23,274	5,976	5,976	17,083	17,083	35.0	35.0 %	insurance	67,7	
Property and liability insurance	Property and liability insurance	306,769	172,854	172,854	103,908	103,908	237,823	237,823	43.7	43.7 %	Property and liability insurance	647,3	
Total premiums earned	Total premiums earned	\$ 361,847	\$	\$206,482	\$	\$109,965	\$	\$265,330	41.4	41.4 %	Total premiums earned	\$ 756,166	\$

The following table presents the components of policy and contract benefits, including the effect of reinsurance on losses and loss adjustment expenses (LAE) incurred:

	Direct Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount - Assumed to Net
Three Months Ended March 31, 2024					
<u>Losses and LAE Incurred</u>					
Life insurance	\$ 12,201	\$ 6,717	\$ (32)	\$ 5,452	(0.6)%
Accident and health insurance	5,529	4,058	871	2,342	37.2 %
Property and liability insurance	181,685	104,395	90,296	167,586	53.9 %
Total losses and LAE incurred	\$ 199,415	\$ 115,170	\$ 91,135	\$ 175,380	52.0 %
Member benefit claims ⁽¹⁾				32,284	
Total policy and contract benefits				\$ 207,664	
Three Months Ended March 31, 2023					
<u>Losses and LAE Incurred</u>					
Life insurance	\$ 13,245	\$ 7,204	\$ 38	\$ 6,079	0.6 %
Accident and health insurance	6,567	4,504	4,505	6,568	68.6 %
Property and liability insurance	133,690	88,932	56,922	101,680	56.0 %
Total losses and LAE incurred	\$ 153,502	\$ 100,640	\$ 61,465	\$ 114,327	53.8 %
Member benefit claims ⁽¹⁾				27,348	
Total policy and contract benefits				\$ 141,675	

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	Direct Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount - Assumed to Net
Three Months Ended June 30, 2024					
<u>Losses and LAE Incurred</u>					
Life insurance	\$ 10,293	\$ 5,513	\$ 10	\$ 4,790	0.2 %
Accident and health insurance	5,363	2,908	9,614	12,069	79.7 %
Property and liability insurance	248,541	138,287	78,146	188,400	41.5 %

Total losses and LAE incurred	\$ 264,197	\$ 146,708	\$ 87,770	\$ 205,259	42.8 %
Member benefit claims ⁽¹⁾				28,716	
Total policy and contract benefits				\$ 233,975	
Three Months Ended June 30, 2023					
<u>Losses and LAE Incurred</u>					
Life insurance	\$ 11,338	\$ 6,218	\$ 18	\$ 5,138	0.4 %
Accident and health insurance	6,175	5,091	1,308	2,392	54.7 %
Property and liability insurance	144,238	100,970	64,229	107,497	59.7 %
Total losses and LAE incurred	\$ 161,751	\$ 112,279	\$ 65,555	\$ 115,027	57.0 %
Member benefit claims ⁽¹⁾				32,707	
Total policy and contract benefits				\$ 147,734	
Six Months Ended June 30, 2024					
<u>Losses and LAE Incurred</u>					
Life insurance	\$ 22,494	\$ 12,230	\$ (21)	\$ 10,243	(0.2)%
Accident and health insurance	10,892	6,967	10,485	14,410	72.8 %
Property and liability insurance	430,226	242,682	168,442	355,986	47.3 %
Total losses and LAE incurred	\$ 463,612	\$ 261,879	\$ 178,906	\$ 380,639	47.0 %
Member benefit claims ⁽¹⁾				61,000	
Total policy and contract benefits				\$ 441,639	
Six Months Ended June 30, 2023					
<u>Losses and LAE Incurred</u>					
Life insurance	\$ 24,583	\$ 13,422	\$ 56	\$ 11,217	0.5 %
Accident and health insurance	12,742	9,595	5,813	8,960	64.9 %
Property and liability insurance	277,928	189,902	121,151	209,177	57.9 %
Total losses and LAE incurred	\$ 315,253	\$ 212,919	\$ 127,020	\$ 229,354	55.4 %
Member benefit claims ⁽¹⁾				60,055	
Total policy and contract benefits				\$ 289,409	

⁽¹⁾ Member benefit claims are not covered by reinsurance.

TIPTREE INC. AND SUBSIDIARIES

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The following table presents the components of the reinsurance recoverable:

	As of	As of	As of
	March 31, 2024	June 30, 2024	December 31, 2023
Ceded claim reserves:			
Ceded claim reserves:			
Ceded claim reserves:			
Life insurance			
Life insurance			
Life insurance			
Accident and health insurance			
Property and liability insurance			
Total ceded claim reserves recoverable			

Other reinsurance settlements recoverable

Total reinsurance recoverable

The following table presents the components of prepaid reinsurance premiums:

	As of	
	As of	
	As of	
	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Prepaid reinsurance premiums:		
Prepaid reinsurance premiums:		
Prepaid reinsurance premiums:		
Life insurance ⁽¹⁾		
Life insurance ⁽¹⁾		
Life insurance ⁽¹⁾		
Accident and health insurance ⁽¹⁾		
Property and liability insurance		
Total prepaid reinsurance premiums		

⁽¹⁾ Including policyholder account balances ceded.

The following table presents the aggregate amount included in reinsurance receivables that is comprised of the three largest receivable balances from non-affiliated reinsurers:

	As of
	March 31, June 30, 2024
Total of the three largest receivable balances from non-affiliated reinsurers	\$ 184,202 166,939

As of March 31, 2024 June 30, 2024, the non-affiliated reinsurers from whom our insurance business has the largest receivable balances were: Accredited Insurance (Europe) Limited Allianz Reinsurance America, Inc (A.M. Best Rating: A- A+ rated) (Accredited) (Allianz), Allianz Global Corporate & Specialty SE (A.M. Best Rating: A+ rated) (Allianz), and Accident Fund Insurance Company of America Ferian Re LTD (A.M. Best Rating: A NR rated) (Accident). Accredited balances are collateralized; the Accident and Allianz balances do not require collateral based on the authorized status of the parties, parties and the Ferian Re LTD balances are collateralized. The Company monitors authorization status, financial statements and A.M. Best ratings of its reinsurers periodically. As of March 31, 2024 June 30, 2024, the Company does not believe there is a risk of loss due to the concentration of credit risk in the reinsurance program given the related collateralization or reinsurer A.M. Best rating.

TIPTREE INC. AND SUBSIDIARIES

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(8) Goodwill and Intangible Assets, net

The following table presents identifiable finite and indefinite-lived intangible assets, accumulated amortization, and goodwill by operating segment and/or reporting unit, as appropriate:

	As of March 31, 2024				As of March 31, 2024				As of March 31, 2024	As of December 31, 2023							
	As of March 31, 2024				As of March 31, 2024				As of March 31, 2024	As of December 31, 2023							
	As of June 30, 2024				As of June 30, 2024				As of June 30, 2024	As of December 31, 2023							
Finite-Lived Intangible Assets:	Finite-Lived Intangible Assets:	Insurance	Other	Total	Insurance	Other	Total	Finite-Lived Intangible Assets:	Insurance	Other	Total	Insurance	Other	Total	Insurance	Other	Total

Customer relationships
Customer relationships
Customer relationships
Accumulated amortization
Trade names
Accumulated amortization
Software licensing
Accumulated amortization
Insurance policies and contracts acquired
Accumulated amortization
Other
Accumulated amortization
Total finite-lived intangible assets
Indefinite-Lived Intangible Assets:
(1)
Insurance licensing agreements
Insurance licensing agreements
Insurance licensing agreements
Other
Total indefinite-lived intangible assets
Total intangible assets, net
Goodwill
Goodwill
Goodwill
Total goodwill and intangible assets, net

(1) Impairment tests are performed at least annually on indefinite-lived intangible assets.

Goodwill

The following table presents the activity in goodwill, by operating segment and/or reporting unit, as appropriate, and includes the adjustments made to the balance of goodwill to reflect the effect of the final valuation adjustments made for acquisitions, as well as the reduction to any goodwill attributable to impairment related charges:

	Insurance	Other	Total
Balance at December 31, 2022	\$ 184,900	\$ 1,708	\$ 186,608
Goodwill acquired (1)	18,359	—	18,359
Foreign currency translation and other	1,188	—	1,188
Balance at December 31, 2023	\$ 204,447	\$ 1,708	\$ 206,155
Foreign currency translation and other	(227)	—	(227)
Balance at March 31, 2024	\$ 204,220	\$ 1,708	\$ 205,928

(1) See Note (3) Acquisitions for more information.

	Insurance	Other	Total
Balance at December 31, 2023	\$ 204,447	\$ 1,708	\$ 206,155
Foreign currency translation and other	(183)	—	(183)
Balance at June 30, 2024	\$ 204,264	\$ 1,708	\$ 205,972

The Company conducts annual impairment tests of its goodwill as of October 1. For the three and six months ended March 31, 2024 June 30, 2024 and 2023, no impairments were recorded on the Company's goodwill. There was no accumulated impairment recorded in the goodwill balance as of March 31, 2024 June 30, 2024.

TIPTREE INC. AND SUBSIDIARIES

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Intangible Assets, net

The following table presents the activity, by operating segment and/or reporting unit, as appropriate, in finite and indefinite-lived other intangible assets and includes the adjustments made to the balance to reflect the effect of any final valuation adjustments made for acquisitions, as well as any reduction attributable to impairment-related charges:

	Insurance	Other	Total
Balance at December 31, 2022	\$ 115,087	\$ 1,928	\$ 117,015
Intangible assets acquired ⁽¹⁾	18,152	—	18,152
Amortization expense	(16,921)	(80)	(17,001)
Foreign currency translation and other	1,319	—	1,319
Impairment	—	(728)	(728)
Balance at December 31, 2023	\$ 117,637	\$ 1,120	\$ 118,757
Amortization expense	(3,971)	(20)	(3,991)
Foreign currency translation and other	(226)	—	(226)
Balance at March 31, 2024	\$ 113,440	\$ 1,100	\$ 114,540

⁽¹⁾ See Note (3) Acquisitions for more information.

	Insurance	Other	Total
Balance at December 31, 2023	\$ 117,637	\$ 1,120	\$ 118,757
Amortization expense	(7,698)	(40)	(7,738)
Foreign currency translation and other	(184)	—	(184)
Balance at June 30, 2024	\$ 109,755	\$ 1,080	\$ 110,835

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The following table presents the amortization expense on finite-lived intangible assets for the following periods:

	Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31, 2024 2024	Three Months Ended June 30, Three Months Ended June 30, Three Months Ended June 30, Six Months Ended June 30, 2024
Amortization expense on intangible assets		
Amortization expense on intangible assets		
Amortization expense on intangible assets		

For the three and six months ended March 31, 2024 June 30, 2024 and 2023, no impairments were recorded on the Company's intangible assets. The Company recorded \$728 of Company's accumulated impairment on intangible assets was \$728 as of March 31, 2024 June 30, 2024.

The following table presents the amortization expense on finite-lived intangible assets for the next five years and thereafter by operating segment and/or reporting unit, as appropriate:

	As of March 31, 2024				As of June 30, 2024			
	Insurance ⁽¹⁾	Insurance ⁽¹⁾	Other	Total	Insurance ⁽¹⁾	Other	Total	
Remainder of 2024								

2025
2026
2027
2028
2029 and thereafter
Total

(1) Does not include foreign currency translation adjustment of \$46 \$201 as of March 31, 2024 June 30, 2024.

(9) Derivative Financial Instruments and Hedging

The Company selectively utilizes derivative financial instruments as part of its overall investment and hedging activities. Derivative contracts are subject to additional risk that can result in a loss of all or part of an investment. The Company's derivative activities are primarily entered into in order to manage underlying credit risk, market risk, interest rate risk and currency exchange rate risk. In addition, the Company is also subject to counterparty risk should its counterparties fail to meet the contract terms. Derivative assets are reported in other investments. Derivative liabilities are reported within other liabilities and accrued expenses. Derivatives for our mortgage business are primarily comprised of interest rate lock commitments (IRLCs), forward delivery contracts, and TBA mortgage-backed securities.

Interest Rate Lock Commitments

The fair value of these instruments is based upon valuation pricing models, which represent the amount the Company would expect to receive or pay at the balance sheet date to exit the position. Our mortgage origination subsidiary issues IRLCs to their customers, which are carried at estimated fair value on the Company's condensed consolidated balance sheets. The

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estimated fair values of these commitments are generally calculated by reference to the value of the underlying loan associated with the IRLC net of costs to produce and an expected pull through assumption. The fair values of these commitments generally fall under Level 3 in the fair value hierarchy.

Forward Delivery Contracts and TBA Mortgage-Backed Securities

Our mortgage origination subsidiary manages their exposure by entering into forward delivery commitments with loan investors. For loans not locked with investors under a forward delivery commitment, the Company enters into hedge instruments, primarily TBAs, to protect against movements in interest rates. The fair values of TBA mortgage-backed securities and forward delivery contracts generally fall under Level 2 in the fair value hierarchy.

The remaining derivatives are generally comprised of a combination of swaps, currency forwards and options, which are generally classified as Level 2 in the fair value hierarchy. In addition, the Fortegra Additional Warrant (Warburg) is a derivative liability and classified as Level 3 in the fair value hierarchy. See Note (16) Stockholders' Equity for additional information regarding the Fortegra Additional Warrant.

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The following table presents the gross notional and fair value amounts of derivatives (on a gross basis) categorized by underlying risk:

	As of March 31, 2024				As of December 31, 2023				As of June 30, 2024				As of December 31, 2023			
	Notional values	Notional values	Asset derivatives	Liability derivatives	Notional values	Asset derivatives	Liability derivatives	Notional values	Asset derivatives	Liability derivatives	Notional values	Asset derivatives	Liability derivatives	Notional values	Asset derivatives	Liability derivatives
Interest rate lock commitments																
Forward delivery contracts																
TBA mortgage-backed securities																
Fortegra Additional Warrants (Warburg) ⁽¹⁾																
Other																
Total																

(1) See Note (16) Stockholders' Equity for additional information.

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(10) Debt, net

The following table presents the balance of the Company's debt obligations, net of discounts and deferred financing costs for our corporate and asset based debt. Asset based debt is generally recourse only to specific assets and related cash flows.

	As of March 31, 2024					As of March 31, 2024			
	As of March 31, 2024					As of March 31, 2024			
	As of June 30, 2024					As of June 30, 2024			
	As of June 30, 2024					As of June 30, 2024			
	As of June 30, 2024					As of June 30, 2024			
Corporate debt	Corporate debt	Insurance	Mortgage	Total	Corporate debt	Insurance	Mortgage	Total	
Secured revolving credit agreements ⁽¹⁾									
Preferred trust securities (LIBOR + 4.10%)									
Preferred trust securities (LIBOR + 4.10%)									
Preferred trust securities (LIBOR + 4.10%)									
8.50% Junior subordinated notes									
Total corporate debt									
Asset based debt									
Asset based debt									
Asset based debt									
Asset based revolving financing (SOFR + 2.75%)									
Asset based revolving financing (SOFR + 2.75%)									
Asset based revolving financing (SOFR + 2.75%)									
Residential mortgage warehouse borrowings (1.75% to 2.50% over SOFR) ⁽²⁾⁽³⁾									
Total asset based debt									
Total asset based debt									
Total asset based debt									
Total debt, face value									
Unamortized deferred financing costs									
Unamortized deferred financing costs									
Unamortized deferred financing costs									
Total debt, net									
	As of December 31, 2023					As of December 31, 2023			
	As of December 31, 2023					As of December 31, 2023			
	As of December 31, 2023					As of December 31, 2023			
Corporate debt	Corporate debt	Insurance	Mortgage	Total	Corporate debt	Insurance	Mortgage	Total	
Secured revolving credit agreements ⁽¹⁾									
Preferred trust securities (LIBOR + 4.10%)									
Preferred trust securities (LIBOR + 4.10%)									
Preferred trust securities (LIBOR + 4.10%)									
8.50% Junior subordinated notes									
Total corporate debt									
Asset based debt									
Asset based debt									
Asset based debt									
Asset based revolving financing (LIBOR + 2.75%)									
Asset based revolving financing (LIBOR + 2.75%)									
Asset based revolving financing (LIBOR + 2.75%)									
Residential mortgage warehouse borrowings (1.75% to 2.75% over SOFR) ⁽²⁾⁽³⁾									
Total asset based debt									
Total asset based debt									

Total asset based debt
Total debt, face value
Unamortized deferred financing costs
Unamortized deferred financing costs
Unamortized deferred financing costs
Total debt, net

- (1) The secured credit agreements include separate tranches with multiple rate structures that are adjustable based on Fortegra’s senior leverage ratio, which as of **March 31, 2024** **June 30, 2024** and December 31, 2023 was SOFR + 1.50%.
- (2) As of **March 31, 2024** **June 30, 2024**, included (i) a \$50,000 line of credit at 1.75%, 2.00% and 2.50% over the one month SOFR rate, (ii) a \$25,000 line of credit at 1.75% or 2.25% over the one month SOFR rate, with a floor of 4.00%, **and** (iii) a \$25,000 line of credit at 1.875% **over the one month SOFR rate and (iv) a \$25,000 line of credit at 1.75%** over the one month SOFR rate. As of December 31, 2023, included (i) a \$50,000 line of credit at 1.75%, 2.00% and 2.50% over the one month SOFR rate, and (ii) a \$65,000 line of credit at 1.75%, 2.25% and 2.75% over the one month SOFR rate, with a floor of 4.00%.
- (3) The weighted average coupon rate for residential mortgage warehouse borrowings was 7.18% and 7.15% at **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively.

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The following table presents the amount of interest expense the Company incurred on its debt for the following periods:

	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	2024	
	2024	
	Three Months Ended June 30,	
	Three Months Ended June 30,	
	Three Months Ended June 30,	Six Months Ended June 30,
	2024	
Interest expense - corporate debt		
Interest expense - corporate debt		
Interest expense - corporate debt		
Interest expense - asset based debt		
Interest expense - asset based debt		
Interest expense - asset based debt		
Total interest expense on debt		
Total interest expense on debt		
Total interest expense on debt		

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The following table presents the contractual principal payments and future maturities of the unpaid principal balance on the Company's debt for the following periods:

	As of March 31, 2024	As of June 30, 2024
Remainder of 2024		
2025		
2026		
2027		
2028		
2029 and thereafter		

Total

The following narrative is a summary of certain terms of our debt agreements for the ~~three~~ ~~six~~ months ended ~~March 31, 2024~~ ~~June 30, 2024~~:

Corporate Debt

Secured Revolving Credit Agreements

As of ~~March 31, 2024~~ ~~June 30, 2024~~ and December 31, 2023, a total of ~~\$129,000~~ ~~\$100,500~~ and ~~\$130,000~~, ~~\$130,000~~, respectively, was outstanding under the revolving line of credit in our insurance business. The maximum borrowing capacity under the agreements as of ~~March 31, 2024~~ ~~June 30, 2024~~ was \$200,000.

Asset Based Debt

Asset Based Revolving Financing

On October 6, 2023, subsidiaries of Fortegra amended the asset based revolving financing to increase the revolving commitment to \$125,000 and transition to SOFR. As of ~~March 31, 2024~~ ~~June 30, 2024~~ and December 31, 2023, a total of ~~\$69,218~~ ~~\$76,139~~ and \$67,138, respectively, was outstanding under the borrowing related to our premium finance offerings in our insurance business.

Residential Mortgage Warehouse Borrowings

As of ~~March 31, 2024~~ ~~June 30, 2024~~, our mortgage business had ~~three~~ ~~four~~ warehouse lines of credit with ~~three~~ ~~four~~ separate lending partners totaling ~~\$100,000~~ ~~\$125,000~~ of borrowing capacity. The \$50,000 line of credit matures in August 2024 and the ~~two~~ ~~three~~ \$25,000 lines of credit mature in September 2024, ~~February 2025~~, and ~~February~~ ~~June~~ 2025. As of ~~March 31, 2024~~ ~~June 30, 2024~~ and December 31, 2023, a total of ~~\$56,456~~ ~~\$59,287~~ and \$54,350, respectively, was outstanding under such financing agreements.

Mortgage Servicing Rights (MSR) Line of Credit

As of June 30, 2024, our mortgage business had a MSR line of credit with M&T Bank totaling \$10,000 of borrowing capacity at 3.30% over SOFR, with no borrowings outstanding at the end of the period.

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(11) Fair Value of Financial Instruments

The Company maximizes the use of observable inputs and minimizes the use of unobservable inputs to the extent possible to measure a financial instrument's fair value. Observable inputs reflect the assumptions market participants would use in pricing an asset or liability, and are affected by the type of product, whether the product is traded on an active exchange or in the secondary market, as well as current market conditions. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Fair value is estimated by applying the hierarchy discussed in Note (2) Summary of Significant Accounting Policies of our Annual Report on Form 10-K which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized within Level 3 of the fair value hierarchy.

The Company's fair value measurements are based primarily on a market approach, which utilizes prices and other relevant information generated by market transactions involving identical or comparable financial instruments. Sources of inputs to

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the market approach include third-party pricing services, independent broker quotations and pricing matrices. Management analyzes the third-party valuation methodologies and its related inputs to perform assessments to determine the appropriate level within the fair value hierarchy and to assess reliability of values. Further, management has a process in place to review all changes in fair value that occurred during each measurement period. Any discrepancies or unusual observations are followed through to resolution through the source of the pricing as well as utilizing comparisons, if applicable, to alternate pricing sources.

The Company utilizes observable and unobservable inputs within its valuation methodologies. Observable inputs may include: benchmark yields, reported trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data. In addition, specific issuer information and other market data is used. Broker quotes are obtained from sources recognized to be market participants. Unobservable inputs may include: expected cash flow streams, default rates, supply and demand considerations and market volatility.

Available for Sale Securities, at fair value

The fair values of AFS securities are based on prices provided by an independent pricing service and a third-party investment manager. The Company obtains an understanding of the methods, models and inputs used by the independent pricing service and the third-party investment manager by analyzing the investment manager-provided pricing report.

The following details the methods and assumptions used to estimate the fair value of each class of AFS securities and the applicable level each security falls within the fair value hierarchy:

U.S. Treasury Securities, Obligations of U.S. Government Authorities and Agencies, Obligations of State and Political Subdivisions, Corporate Securities, Asset Backed Securities, and Obligations of Foreign Governments: Fair values were obtained from an independent pricing service and a third-party investment manager. The prices provided by the independent pricing service and third-party investment manager are based on quoted market prices, when available, non-binding broker quotes, or matrix pricing and fall under Level 2 or Level 3 in the fair value hierarchy.

Certificates of Deposit: The estimated fair value of certificates of deposit approximate carrying value and fall under Level 1 of the fair value hierarchy.

Equity Securities

The fair values of publicly traded common and preferred equity securities and exchange traded funds ("ETFs") are obtained from market value quotations provided by an independent pricing service and fall under Level 1 in the fair value hierarchy. The fair values of non-publicly traded common and preferred stocks are based on prices derived from multiples of comparable public companies and fall under Level 3 in the fair value hierarchy.

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Loans, at fair value

Corporate Loans: These loans are comprised of middle market loans and bank loans and are generally classified under either Level 2 or Level 3 in the fair value hierarchy. To determine fair value, the Company uses quoted prices, including those provided from pricing vendors, which provide coverage of secondary market participants, where available. The values represent a composite of mark-to-market bid/offer prices. In certain circumstances, the Company will make its own determination of fair value of loans based on internal models and other unobservable inputs.

Mortgage Loans Held for Sale: Mortgage loans held for sale are generally classified under Level 2 in the fair value hierarchy and fair value is based upon forward sales contracts with third-party investors, including estimated loan costs.

Derivative Assets and Liabilities

Derivatives for our mortgage business are primarily comprised of IRLCs, forward delivery contracts and TBA mortgage-backed securities. The fair value of these instruments is based upon valuation pricing models, which represent the amount the Company would expect to receive or pay at the balance sheet date to exit the position. Our mortgage origination subsidiaries issue IRLCs to their customers, which are carried at estimated fair value on the Company's condensed consolidated balance sheets. The estimated fair values of these commitments are generally calculated by reference to the value of the underlying

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loan associated with the IRLC net of costs to produce and an expected pull through assumption. The fair values of these commitments generally fall under Level 3 in the fair value hierarchy. Our mortgage origination subsidiaries manage their exposure by entering into forward delivery commitments with loan investors. For loans not locked with investors under a forward delivery commitment, the Company enters into hedge instruments, primarily TBAs, to protect against movements in interest rates. The fair values of TBA mortgage-backed securities and forward delivery contracts generally fall under Level 2 in the fair value hierarchy.

The remaining derivatives are generally comprised of a combination of swaps, currency forwards and options, which are generally classified as Level 2 in the fair value hierarchy. In addition, the Fortegra Additional Warrants (Warburg) are a derivative liability and classified as Level 3 in the fair value hierarchy. See Note (16) Stockholders' Equity for additional information regarding the Fortegra Additional Warrants.

Corporate Bonds

Corporate bonds are generally classified under Level 2 in the fair value hierarchy and fair value is based on quoted market prices. We perform internal price verification procedures to ensure that the prices provided are reasonable.

Securities Sold, Not Yet Purchased

Securities sold, not yet purchased are generally classified under Level 1 or Level 2 in the fair value hierarchy, based on the leveling of the securities sold short, and fair value is provided by a third-party investment manager, based on quoted market prices. We perform internal price verification procedures monthly to ensure that the prices provided are

reasonable.

Mortgage Servicing Rights

Mortgage servicing rights are classified under Level 3 in the fair value hierarchy and fair value is provided by a third-party valuation service. Various observable and unobservable inputs are used to determine fair value, including discount rate, cost to service and weighted average prepayment speed.

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The following tables present the Company's fair value hierarchies for financial assets and liabilities, measured on a recurring basis:

	As of March 31, 2024				As of June 30, 2024				
	Quoted prices in active markets Level 1	Quoted prices in active markets Level 1	Other significant observable inputs Level 2	Significant unobservable inputs Level 3	Fair value	Quoted prices in active markets Level 1	Other significant observable inputs Level 2	Significant unobservable inputs Level 3	Fair value
Assets:									
Available for sale securities, at fair value:									
Available for sale securities, at fair value:									
Available for sale securities, at fair value:									
U.S. Treasury securities and obligations of U.S. government authorities and agencies									
U.S. Treasury securities and obligations of U.S. government authorities and agencies									
U.S. Treasury securities and obligations of U.S. government authorities and agencies									
Obligations of state and political subdivisions									
Obligations of foreign governments									
Certificates of deposit									
Asset backed securities									
Corporate securities									
Total available for sale securities, at fair value									
Loans, at fair value:									
Loans, at fair value:									
Loans, at fair value:									
Corporate loans									
Corporate loans									
Corporate loans									
Mortgage loans held for sale									
Total loans, at fair value									
Equity securities:									
Equity securities:									
Equity securities:									
Invesque									
Invesque									
Invesque									
Fixed income ETFs									
Exchange traded funds									
Exchange traded funds									
Exchange traded funds									
Other equity securities									

Total equity securities
Other investments, at fair value:
Other investments, at fair value:
Other investments, at fair value:
Corporate bonds
Corporate bonds
Corporate bonds
Derivative assets
Other
Total other investments, at fair value
Mortgage servicing rights ⁽¹⁾
Mortgage servicing rights ⁽¹⁾
Mortgage servicing rights ⁽¹⁾
Total
Total
Total

Liabilities: ⁽²⁾

Liabilities: ⁽²⁾

Liabilities: ⁽²⁾

Derivative liabilities
Derivative liabilities
Derivative liabilities
Fortegra Additional Warrants (Warburg)
Contingent consideration payable
Total

⁽¹⁾ Included in other assets. See Note (14) Other Assets and Other Liabilities and Accrued Expenses.

⁽²⁾ Included in other liabilities and accrued expenses. See Note (14) Other Assets and Other Liabilities and Accrued Expenses.

TIPTREE INC. AND SUBSIDIARIES

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March 31, June 30, 2024

(in thousands, except share data)

As of December 31, 2023									
Quoted prices in active markets Level 1	Quoted prices in active markets Level 1	Other significant observable inputs Level 2	Significant unobservable inputs Level 3	Fair value	Quoted prices in active markets Level 1	Other significant observable inputs Level 2	Significant unobservable inputs Level 3	Fair value	
Assets:									
Available for sale securities, at fair value:									
Available for sale securities, at fair value:									
Available for sale securities, at fair value:									
U.S. Treasury securities and obligations of U.S. government authorities and agencies									
U.S. Treasury securities and obligations of U.S. government authorities and agencies									
U.S. Treasury securities and obligations of U.S. government authorities and agencies									
Obligations of state and political subdivisions									
Obligations of foreign governments									
Certificates of deposit									
Asset backed securities									

Corporate securities
Total available for sale securities, at fair value
Loans, at fair value:
Loans, at fair value:
Loans, at fair value:
Corporate loans
Corporate loans
Corporate loans
Mortgage loans held for sale
Total loans, at fair value
Equity securities:
Equity securities:
Equity securities:
Invesque
Invesque
Invesque
Fixed income ETFs
Exchange traded funds
Other equity securities
Total equity securities
Other investments, at fair value:
Other investments, at fair value:
Other investments, at fair value:
Corporate bonds
Corporate bonds
Corporate bonds
Derivative assets
Other
Total other investments, at fair value
Mortgage servicing rights ⁽¹⁾
Mortgage servicing rights ⁽¹⁾
Mortgage servicing rights ⁽¹⁾
Total
Total
Total
Liabilities: ⁽²⁾
Liabilities: ⁽²⁾
Liabilities: ⁽²⁾
Derivative liabilities
Derivative liabilities
Derivative liabilities
Fortegra Additional Warrants (Warburg)
Contingent consideration payable
Total
Total
Total

⁽¹⁾ Included in other assets. See Note (14) Other Assets and Other Liabilities and Accrued Expenses.

⁽²⁾ Included in other liabilities and accrued expenses. See Note (14) Other Assets and Other Liabilities and Accrued Expenses.

Transfers between Level 2 and 3 were a result of subjecting third-party pricing on assets to various liquidity, depth, bid-ask spread and benchmarking criteria as well as assessing the availability of observable inputs affecting their fair valuation.

The following table presents additional information about assets that are measured at fair value on a recurring basis for which the Company has utilized Level 3 inputs to determine fair value for the following periods:

	Three Months Ended		For the Six Months Ended	
	March 31,		June 30,	
	2024	2024	2023	2023
Balance at January 1,				
Net realized and unrealized gains or losses included in:				
Earnings				
Earnings				
Earnings				
OCI				
Origination of IRLCs				
Sales and repayments				
Sales and repayments				
Purchases				
Sales and repayments				
Distributions				
Conversions to mortgage loans held for sale				
Transfer out of Level 3				
Transfer out of Level 3				
Transfer out of Level 3				
Balance at March 31,				
Balance at March 31,				
Balance at March 31,				
Conversions to real estate owned				
Balance at June 30,				
Changes in unrealized gains (losses) included in earnings related to assets still held at period end				
Changes in unrealized gains (losses) included in earnings related to assets still held at period end				
Changes in unrealized gains (losses) included in earnings related to assets still held at period end				
Changes in unrealized gains (losses) included in OCI related to assets still held at period end				

The following table presents the range and weighted average (WA) used to develop significant unobservable inputs for the fair value measurements of Level 3 assets and liabilities:

As of		As of									
March 31, 2024		December 31, 2023						March 31, 2024		December	
June 30, 2024		December 31, 2023		Valuation technique	Unobservable input(s)	Unobservable input(s)	June 30, 2024				
Assets											
Assets											
Assets		Fair value				Range		WA (1)	Range		WA (1)
IRLCs	IRLCs	\$ 3,271	\$ 3,818	Internal model	Internal model	Pull through rate	45%	to 95%	61%	45%	to
Mortgage servicing rights	Mortgage servicing rights	42,020	40,836	External model	External model	Discount rate	10%	to 15%	11%	10%	to
						Cost to service	\$65	to \$3,000	td16	\$65	to
						Prepayment speed	3%	to 83%	9%	3%	to
Equity securities											

Equity securities																								
Equity securities		6,883	7,726	7,726	Internal model		Internal model				Forecast EBITDAR				\$1,039,000	to	\$1,422,000	N/A			\$1,039,000	to		
Corporate loans		Corporate loans	9,094	9,167	9,167	External model		External model				Bid marks				\$72	to	\$73	\$72			\$71	to	
Total																								
<u>Liabilities</u>																								
<u>Liabilities</u>																								
<u>Liabilities</u>																								
Fortegra Additional Warrants (Warburg)																								
Fortegra Additional Warrants (Warburg)		Fortegra Additional Warrants (Warburg)				External Model		External Implied Equity Model Volatility				Discount rate				3%	to	5%	4.1%			3%		
			\$ 7,733	\$	\$ 3,522							40%		to	50%	45%		40%	to	50%				
Contingent consideration payable		Contingent consideration payable	2,582	2,604	2,604	Cash Flow model		Cash Flow model				Forecast Cash EBITDA				td,500	to	\$4,000	N/A			td,500	to	
												Forecast Underwriting EBITDA				\$—	to	td,000	N/A			\$—	to	td,000
Total																								

(13) Unobservable inputs were weighted by the relative fair value of the instruments.

TIPTREE INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

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(in thousands, except share data)

The following table presents the carrying amounts and estimated fair values of financial assets and liabilities that are not recorded at fair value and their respective levels within the fair value hierarchy:

As of March 31, 2024					As of December 31, 2023								
As of June 30, 2024					As of December 31, 2023								
	Level within fair value hierarchy	Level within fair value hierarchy	Fair value	Carrying value	Level within fair value hierarchy	Fair value	Carrying value	Level within fair value hierarchy	Fair value	Carrying value	Level within fair value hierarchy	Fair value	Carrying value
Assets:													
Debentures													
Debentures													
Debentures													
Notes receivable, net													
Total assets													
Liabilities:													
Liabilities:													
Liabilities:													
Debt													
Debt													
Debt													
Total liabilities													

Debentures: Since interest rates on debentures are at current market rates for similar credit risks, the carrying amount approximates fair value. These values are net of allowance for doubtful accounts. See Note (5) Investments.

Notes Receivable, net: To the extent that carrying amounts differ from fair value, fair value is determined based on contractual cash flows discounted at market rates for similar credits. Categorized under Level 2 in the fair value hierarchy. See Note (6) Notes and Accounts Receivable, net.

Debt: The carrying value, which approximates fair value of floating rate debt, represents the total debt balance at face value excluding the unamortized discount. The fair value of the Junior subordinated notes is determined based on dealer quotes. Categorized under Level 3 in the fair value hierarchy.

Additionally, the following financial assets and liabilities on the condensed consolidated balance sheets are not carried at fair value, but whose carrying amounts approximate their fair value:

Cash and Cash Equivalents: The carrying amounts of cash and cash equivalents are carried at cost which approximates fair value. Categorized under Level 1 in the fair value hierarchy.

Accounts and Premiums Receivable, net, Retrospective Commissions Receivable and Other Receivables: The carrying amounts approximate fair value since no interest rate is charged on these short duration assets. Categorized under Level 2 in the fair value hierarchy. See Note (6) Notes and Accounts Receivable, net.

Due from Brokers, Dealers, and Trustees and Due to Brokers, Dealers and Trustees: The carrying amounts are included in other assets and other liabilities and accrued expenses and approximate their fair value due to their short term nature. Categorized under Level 2 in the fair value hierarchy.

TIPTREE INC. AND SUBSIDIARIES

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(12) Liability for Unpaid Claims and Claim Adjustment Expenses

Roll forward of Claim Liability

The following table presents the activity in the net liability for unpaid losses and allocated loss adjustment expenses of short duration contracts for the following periods:

	Three Months Ended		Six Months Ended	
	March 31,		June 30,	
	2024	2024	2024	2023
Policy liabilities and unpaid claims balance as of January 1,				
Less: liabilities of policy-holder account balances, gross				
Less: non-insurance warranty benefit claim liabilities				
Gross liabilities for unpaid losses and loss adjustment expenses				
Less: reinsurance recoverable on unpaid losses - short duration				
Less: other lines, gross				
Net balance as of January 1, short duration				
Incurred (short duration) related to:				
Incurred (short duration) related to:				
Incurred (short duration) related to:				
Current year				
Current year				
Current year				
Prior years				
Total incurred				
Paid (short duration) related to:				
Paid (short duration) related to:				
Paid (short duration) related to:				
Current year				
Current year				
Current year				
Prior years				
Total paid				
Net balance as of March 31, short duration				
Net balance as of March 31, short duration				
Net balance as of March 31, short duration				

Net balance as of June 30, short duration
Net balance as of June 30, short duration
Net balance as of June 30, short duration
Plus: reinsurance recoverable on unpaid losses - short duration
Plus: other lines, gross
Gross liabilities for unpaid losses and loss adjustment expenses
Plus: liabilities of policy-holder account balances, gross
Plus: non-insurance warranty benefit claim liabilities
Policy liabilities and unpaid claims balance as of March 31,
Policy liabilities and unpaid claims balance as of June 30,

The following schedule reconciles the total amount of losses incurred on short duration contracts per the table above to the amount of total losses incurred as presented in the condensed consolidated statements of operations, excluding the amount for member benefit claims:

	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	2024	
	2024	
	Three Months Ended June 30,	
	Three Months Ended June 30,	
	Three Months Ended June 30,	Six Months Ended June 30,
	2024	
Short duration incurred		
Short duration incurred		
Short duration incurred		
Other lines incurred		
Other lines incurred		
Other lines incurred		
Unallocated loss adjustment expenses		
Unallocated loss adjustment expenses		
Unallocated loss adjustment expenses		
Total losses incurred		
Total losses incurred		
Total losses incurred		

During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, the Company experienced favorable prior year development of \$788, primarily driven by lower-than-expected claims paid development in our commercial lines of business.

During the six months ended June 30, 2023, the Company experienced unfavorable prior year development of \$773, primarily driven by higher-than-expected claims paid development in our commercial lines of business, primarily with a single partner.

During the three months ended March 31, 2023, the Company experienced unfavorable prior year development of \$328, **\$2,455**, primarily as a result of higher-than-expected higher-than expected claim severity from business written in our personal and commercial lines of business. lines.

TIPTREE INC. AND SUBSIDIARIES
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Management considers the prior year development for each of these years to be insignificant when considered in the context of our annual earned premiums, net as well as our net losses and loss adjustment expenses and member benefit claims expenses. We analyze our development on a quarterly basis and given the short duration nature of our products, favorable or adverse development emerges quickly and allows for timely reserve strengthening, if necessary, or modifications to our product pricing or offerings.

The unfavorable favorable prior year development of \$773 \$788 in the three six months ended March 31, 2024 June 30, 2024 represented 2.1% 0.9% of our insurance business income before taxes of \$36,811 \$88,061 and 0.2% of the opening net liability for losses and loss adjustment expenses of \$393,455, as of January 1, 2024.

The unfavorable prior year development of \$328 \$2,455 in the three six months ended March 31, 2023 June 30, 2023 represented 1.7% 4.9% of our insurance business income before taxes of \$19,445, \$49,862, and 0.1% 0.8% of the opening net liability for losses and loss adjustment expenses of \$298,057, as of January 1, 2023.

Based upon our internal analysis and our review of the statement of actuarial opinions provided by our actuarial consultants, we believe that the amounts recorded for policy liabilities and unpaid claims reasonably represent the amount necessary to pay all claims and related expenses which may arise from incidents that have occurred as of the balance sheet date.

(13) Revenue from Contracts with Customers

The Company's revenues from insurance and contractual and liability insurance operations are primarily accounted for under Financial Services-Insurance (ASC 944) that are not within the scope of Revenue for Contracts with Customers (ASC 606). The Company's remaining revenues that are within the scope of ASC 606 are primarily comprised of revenues from contracts with customers for monthly membership dues for motor clubs, monthly administration fees for services provided for premiums, claims and reinsurance processing revenues, vehicle service contracts, vessel related revenue and revenues for household goods and appliances service contracts (collectively, remaining contracts).

The following table presents the disaggregated amounts of revenue from contracts with customers by product type for the following periods:

	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,
	Three Months Ended June 30,	Three Months Ended June 30,	Six Months Ended June 30,
	Three Months Ended June 30,		
	2024	2024	2024

Service and Administrative Fees:
Service and Administrative Fees:
Service and Administrative Fees:
Service contract revenue
Service contract revenue
Service contract revenue
Motor club revenue
Motor club revenue
Motor club revenue
Other
Other
Other
Revenue from contracts with customers
Revenue from contracts with customers
Revenue from contracts with customers

Service and Administrative Fees

Service and administrative fees are generated from non-insurance programs including warranty service contracts, motor clubs and other services. Service and administrative fees are recognized consistent with the earnings recognition pattern of the underlying policies, debt cancellation contracts and motor club memberships being administered, using pro rata, Rule of 78's, modified Rule of 78's, or other methods as appropriate for the contract. Management selects the appropriate method based on available information, and periodically reviews the selections as additional information becomes available.

Management reviews the financial results under each significant contract on a monthly basis. Any losses that may occur due to a specific contract would be recognized in the period in which the loss is determined to be probable.

We do not disclose information about remaining performance obligations pertaining to contracts that have an original expected duration of one year or less. The transaction price allocated to remaining unsatisfied or partially unsatisfied performance obligations with an original expected duration exceeding one year was not material as of **March 31, 2024** **June 30, 2024**.

TIPTREE INC. AND SUBSIDIARIES
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The timing of our revenue recognition may differ from the timing of payment by our customers. We record a receivable when revenue is recognized prior to payment and we have an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, we record deferred revenue until the performance obligations are satisfied.

The following table presents the activity in the deferred assets and liabilities related to revenue from contracts with customers for the following period:

	January 1, 2024	January 1, 2024			March 31, 2024		January 1, 2024			June 30, 2024
	Beginning balance	Beginning balance	Additions	Amortization	Ending balance	Beginning balance		Additions	Amortization	Ending balance
Deferred acquisition costs										
Service and Administrative Fees:										
Service and Administrative Fees:										
Service and Administrative Fees:										
Service contract revenue										
Service contract revenue										
Service contract revenue										
Motor club revenue										
Total										
Deferred revenue										
Deferred revenue										
Deferred revenue										
Service and Administrative Fees:										
Service and Administrative Fees:										
Service and Administrative Fees:										
Service contract revenue										
Service contract revenue										
Service contract revenue										
Motor club revenue										
Other										
Total										

For the periods presented, no write-offs for unrecoverable deferred acquisition costs and deferred revenue were recognized.

(14) Other Assets and Other Liabilities and Accrued Expenses

Other Assets

The following table presents the components of other assets as reported in the condensed consolidated balance sheets:

	As of	
	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Accrued investment income		
Accrued investment income		
Accrued investment income		
Loans eligible for repurchase		
Mortgage servicing rights		

Income tax receivable	
Furniture, fixtures and equipment, net	
Prepaid expenses	
Prepaid expenses	
Prepaid expenses	
Other	
Total other assets	

The following table presents the depreciation expense related to furniture, fixtures and equipment for the following periods:

	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	2024	
	2024	
	Three Months Ended June 30,	
	Three Months Ended June 30,	
	Three Months Ended June 30,	
	Three Months Ended June 30,	
	2024	

Depreciation expense related to furniture, fixtures and equipment	
Depreciation expense related to furniture, fixtures and equipment	
Depreciation expense related to furniture, fixtures and equipment	

Other Liabilities and Accrued Expenses

The following table presents the components of other liabilities and accrued expenses as reported in the condensed consolidated balance sheets:

	As of	
	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Accounts payable and accrued expenses		
Accounts payable and accrued expenses		
Accounts payable and accrued expenses		
Loans eligible for repurchase liability		
Deferred tax liabilities, net		
Operating lease liabilities ⁽¹⁾		
Commissions payable		
Commissions payable		
Commissions payable		
Derivative liabilities		
Derivative liabilities		
Derivative liabilities		
Due to broker/trustee		
Other		

Total other liabilities and accrued expenses

(1) See Note (20) Commitments and Contingencies for additional information.

(15) Other Revenue and Other Expenses

Other Revenue

The following table presents the components of other revenue as reported in the condensed consolidated statement of operations.

	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	2024	
	2024	
	Three Months Ended June 30,	
	Three Months Ended June 30,	
	Three Months Ended June 30,	Six Months Ended June 30,
	2024	
Other investment income ⁽¹⁾		
Other investment income ⁽¹⁾		
Other investment income ⁽¹⁾		
Financing interest income		
Financing interest income		
Financing interest income		
Other ⁽²⁾		
Other ⁽²⁾		
Other ⁽²⁾		
Total other revenue		
Total other revenue		
Total other revenue		

⁽¹⁾ See Note (5) Investments for the components of Other investment income.

⁽²⁾ Includes \$4,378 \$6,911 and \$3,118 \$3,972 for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$11,289 and \$6,518 for the six months ended June 30, 2024 and 2023, respectively, related to Insurance.

Other Expenses

The following table presents the components of other expenses as reported in the condensed consolidated statement of operations:

	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	2024	
	2024	
	Three Months Ended June 30,	
	Three Months Ended June 30,	
	Three Months Ended June 30,	Six Months Ended June 30,
	2024	

General and administrative
General and administrative
General and administrative
Professional fees
Professional fees
Professional fees
Premium taxes
Premium taxes
Premium taxes
Mortgage origination expenses
Mortgage origination expenses
Mortgage origination expenses
Rent and related
Rent and related
Rent and related
Other
Other
Other
Total other expenses
Total other expenses
Total other expenses

TIPTREE INC. AND SUBSIDIARIES

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(16) Stockholders' Equity

Stock Repurchases

The Board of Directors authorized the Company to make repurchases of up to \$20,000 of shares of the Company's outstanding common stock in the aggregate, at the discretion of the Company's Executive Committee. There were no shares repurchased during the three six months ended March 31, 2024 June 30, 2024. As of March 31, 2024 June 30, 2024, the remaining repurchase authorization was \$11,945.

Dividends

The Company declared cash dividends per share for the following periods presented below:

	Dividends per share for the Three Months Ended March 31,	Six Months Ended June 30,
2024		
First quarter		
First quarter		
First quarter		
Second quarter		
Second quarter		
Second quarter		
Total cash dividends declared		
Total cash dividends declared		
Total cash dividends declared		

Fortegra Non-Controlling Interests

On June 21, 2022, the Company closed the WP Transaction. On that date, Fortegra converted to a Delaware corporation and Warburg made a \$200,000 investment in Fortegra in exchange for Fortegra Common Stock, Fortegra Preferred Stock, Fortegra Warrants and Fortegra Additional Warrants. Also, in connection with the closing of the WP Transaction, Tiptree was issued Fortegra Additional Warrants, and management's interests in LOTS Intermediate were exchanged for interests in Fortegra.

On March 28, 2024, In March and April 2024, Tiptree, Warburg and Warburg Fortegra directors contributed \$29,229 \$30,044, \$9,889 and \$9,621, \$67, respectively, to Fortegra in exchange for Fortegra Common Stock. As of March 31, 2024 June 30, 2024, Fortegra was owned approximately approximately 79.3% by Tiptree Holdings, 17.7% by Warburg and 3.0% by management and directors of Fortegra.

Fortegra Preferred Stock

The face amount of the Fortegra Preferred Stock is \$80,000. Dividends are cumulative and accrue at a rate of 8% per annum, compounding quarterly. Any quarterly dividend may be paid in cash, at Fortegra's option. For the three six months ended March 31, 2024 June 30, 2024, cash dividends declared were \$1,595. \$3,192.

Warburg has the option to convert, at any time, its shares of Fortegra Preferred Stock into shares of Fortegra Common Stock at an initial conversion premium of 33% to Warburg's initial investment valuation (the "Fortegra Preferred Stock Conversion Price"). The Fortegra Preferred Stock Conversion Price is adjusted for any Fortegra Common Stock splits, dividends, extraordinary dividends and similar transactions. All of the Fortegra Preferred Stock will automatically convert into shares of Fortegra Common Stock at the Fortegra Preferred Stock Conversion Price upon the closing of a qualifying initial public offering, subject to a five year make-whole provision. Upon conversion, the Fortegra Preferred Stock would result in Warburg owning an additional 6.3% interest in Fortegra, for a total as converted ownership of 24.1% (including its ownership of Fortegra Common Stock).

Fortegra Warrants

The Fortegra Warrants have a seven-year term and an exercise premium of 33% to Warburg's initial investment valuation (the "Fortegra Warrant Exercise Price"). The Fortegra Warrant Exercise Price will be reduced by any Fortegra Common Stock cash dividends made by Fortegra and adjusted for stock splits, common stock dividends, extraordinary dividends and similar transactions. The Fortegra Warrants, if exercised with cash, would result in Warburg owning an additional 3.7% interest in Fortegra.

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Fortegra Additional Warrants

The Fortegra Additional Warrants issued to both Warburg and Tiptree have a seven-year term and an exercise price of \$0.01 per share of Fortegra Common Stock. The Fortegra Additional Warrants issued to Warburg will be forfeited based on Warburg achieving an all-in return on its investment in excess of 23%, as measured primarily by Fortegra's Common Stock price. The Fortegra Additional Warrants issued to Warburg are classified as liabilities, at fair value. The Fortegra Additional Warrants issued to Tiptree will vest based on Warburg achieving an all-in return on its investment in excess of 30%, as measured primarily by Fortegra's Common Stock price. The number of shares of Fortegra Common Stock issuable to Warburg or Tiptree with respect to the Fortegra Additional Warrants is subject to adjustment for Fortegra Common Stock splits, stock or cash dividends and similar transactions. The Fortegra Additional Warrants are exercisable from the earlier of a transaction that results in Warburg having sold 50% of its Fortegra Common Stock or the fifth anniversary of the closing date. The maximum number of shares issued to Warburg or Tiptree, if exercised with cash, would be an additional 1.7% interest in Fortegra on an as converted basis (including its ownership of Fortegra Common and Preferred Stock).

The following table presents the components of non-controlling interests as reported in the condensed consolidated balance sheets:

	As of	
	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Fortegra preferred interests		
Fortegra preferred interests		
Fortegra preferred interests		
Fortegra common interests		
Total non-controlling interests		
Total non-controlling interests		
Total non-controlling interests		

Statutory Reporting and Insurance Company Subsidiaries Dividend Restrictions

The Company's U.S. insurance subsidiaries prepare financial statements in accordance with Statutory Accounting Principles (SAP) prescribed or permitted by the insurance departments of their states of domicile. Prescribed SAP includes the Accounting Practices and Procedures Manual of the NAIC as well as state laws, regulations and administrative rules.

Statutory Capital and Surplus

The Company's insurance company subsidiaries must maintain minimum amounts of statutory capital and surplus as required by regulatory authorities, including the NAIC; their capital and surplus levels exceeded respective minimum requirements as of **March 31, 2024** **June 30, 2024** and December 31, 2023.

Under the NAIC Risk-Based Capital Act of 1995, a company's Risk-Based Capital (RBC) is calculated by applying certain risk factors to various asset, claim and reserve items. If a company's adjusted surplus falls below calculated RBC thresholds, regulatory intervention or oversight is required. The Company's U.S. domiciled insurance company subsidiaries' RBC levels, as calculated in accordance with the NAIC's RBC instructions, exceeded all RBC thresholds as of **March 31, 2024** **June 30, 2024** and December 31, 2023.

The Company also has a foreign insurance subsidiary that is not subject to SAP. The statutory capital and surplus amounts and statutory net income presented above do not include the foreign insurance subsidiary in accordance with SAP.

Statutory Dividends

The Company's U.S. domiciled insurance company subsidiaries may pay dividends to the Company, subject to statutory restrictions. Payments in excess of statutory restrictions (extraordinary dividends) to the Company are permitted only with prior approval of the insurance department of the applicable state of domicile. The Company eliminates all dividends from its subsidiaries in the condensed consolidated financial statements.

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There were no dividends paid to the Company by its U.S. domiciled insurance company subsidiaries for the three months ended **March 31, 2024** **June 30, 2024** and 2023. The combined amount available for ordinary dividends of the Company's U.S. domiciled insurance company subsidiaries for the following periods:

	As of
	As of
	As of
	March 31, 2024
	March 31, 2024
	March 31, 2024
	June 30, 2024
	June 30, 2024
	June 30, 2024
Amount available for ordinary dividends of the Company's insurance company subsidiaries	
Amount available for ordinary dividends of the Company's insurance company subsidiaries	
Amount available for ordinary dividends of the Company's insurance company subsidiaries	

At **March 31, 2024** **June 30, 2024**, the maximum amount of dividends that our U.S. domiciled insurance company subsidiaries could pay under applicable laws and regulations without regulatory approval was approximately \$24,327. The Company may seek regulatory approval to pay dividends in excess of this permitted amount, but there can be no assurance that the Company would receive regulatory approval if sought.

(17) Accumulated Other Comprehensive Income (Loss) (AOCI)

The following table presents the activity of AFS securities in AOCI, net of tax, for the following periods:

Unrealized gains (losses) on available for sale securities	Unrealized gains (losses) on available for sale securities	Foreign currency translation adjustment	Total AOCI	Amount attributable to non-controlling interests	Total AOCI to Tiptree Inc.	Unrealized gains (losses) on available for sale securities	Foreign currency translation adjustment	Total AOCI	Amount attributable to non-controlling interests	Total AOCI to Tiptree Inc.
Balance at December 31, 2022										
Balance at December 31, 2022										
Balance at December 31, 2022										
Other comprehensive income (losses) before reclassifications										
Amounts reclassified from AOCI										
OCI										

OCI
OCI
Balance at March 31, 2023
Balance at March 31, 2023
Balance at March 31, 2023
Balance at June 30, 2023
Balance at June 30, 2023
Balance at June 30, 2023
Balance at December 31, 2023
Balance at December 31, 2023
Balance at December 31, 2023
Other comprehensive income (losses) before reclassifications
Amounts reclassified from AOCI
OCI
Balance at March 31, 2024
Balance at March 31, 2024
Balance at March 31, 2024
Balance at June 30, 2024
Balance at June 30, 2024
Balance at June 30, 2024

The following table presents the reclassification adjustments out of AOCI included in net income and the impacted line items on the condensed consolidated statement of operations for the following periods:

	Three Months Ended March 31,		
	Three Months Ended March 31,		
	Three Months Ended March 31,		
	Three Months Ended March 31,	Affected line item in condensed consolidated statements of operations	
	Three Months Ended June 30,		
	Three Months Ended June 30,		
	Three Months Ended June 30,		
	Three Months Ended June 30,	Six Months Ended June 30,	Affected line item in condensed consolidated statements of operations
Components of AOCI			
Unrealized gains (losses) on available for sale securities			

[illegible]

(18) Stock Based Compensation

The table below summarizes changes to the issuances under the Company's 2017 Omnibus Incentive Equity Plan for the periods indicated, excluding awards granted under the Company's subsidiary incentive plans that are exchangeable for Tiptree common stock:

Restricted Stock Units (RSUs) and Stock Awards

The following table presents changes to the issuances of RSUs under the 2017 Omnibus Incentive Equity Plan for the periods indicated:

(i) Includes 139,888, 81,873, 71,818 and 78,360 76,930 shares that vest in 2025, 2026 and 2027, respectively.

	Three Months Ended March 31,	
	Six Months Ended June 30,	
	Three Months Ended March 31,	
	Six Months Ended June 30,	
	Three Months Ended March 31,	Three Months Ended March 31,
	Six Months Ended June 30,	Six Months Ended June 30,
Granted		
Directors		
Directors		
Directors		
Employees		
Employees		
Employees		
Total Granted		
Total Granted		
Total Granted		
		Taxes
		Taxes
		Taxes
		Net Vested
		Net Vested
		Net Vested

Tiptree Senior Management Incentive Plan

On August 4, 2021, a total of 3,500,000 Performance Restricted Stock Units (PRSUs) were awarded to members of the Company's senior management. An additional 350,000 PRSUs were awarded on October 14, 2022. The PRSUs have a 10-year term and are subject to the recipient's continuous service and a market requirement. A portion of the PRSUs will generally vest upon the achievement of each of five Tiptree share price target milestones ranging from \$15 to \$60, adjusted for dividends paid, within five pre-established determination periods (subject to a catch-up vesting mechanism) occurring on the second, fourth, sixth, eighth and tenth anniversaries of the grant date. In November 2021, the first tranche of the PRSUs vested, resulting in a net issuance of 215,583 shares of Tiptree common stock.

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On January 1, 2024, Tiptree granted 1,420,833 PRSUs to members of the Company's senior management. The PRSUs will generally vest upon achievement of a \$70 Tiptree share price target (adjusted for dividends paid) prior to the tenth anniversary of the date of grant, subject to the Grantee's continued employment with Tiptree.

As of March 31, 2024 June 30, 2024, 5,037,500 PRSUs were unvested. The below table illustrates the aggregate number of PRSUs that will vest upon the achievement of each Tiptree share price target. Such price targets are adjusted down for cumulative dividends paid by the Company since grant (e.g., the next share price target is \$19.50\$19.44 as adjusted for cumulative dividends paid to date).

Original Tiptree Share Price Target	Number of PRSUs that Vest
\$20	516,667
\$30	775,000
\$45	1,033,333
\$60	1,291,667
\$70	1,420,833

Upon vesting, the Company will issue shares, or if shares are not available under the 2017 Equity Plan, then the Company may in its sole discretion instead deliver cash equal to the fair market value of the underlying shares. The fair value of the PRSUs was estimated using a Black-Scholes-Merton option pricing formula embedded within a Monte Carlo model used to simulate the future stock prices of the Company, which assumes that the market requirement is achieved. The historical volatility was computed based on historical daily returns of the Company's stock price simulated over the performance period using a lookback period of 10 years. The valuation was done under a risk-neutral framework using the 10-year zero-coupon risk-free interest rate derived from the Treasury Constant Maturities yield curve on the reporting date. The quarterly dividend rates in effect as of the reporting date are used to calculate a spot dividend yield for use in the model.

The following table presents the assumptions used to measure the fair value of the PRSUs as of the respective grant date, or June 7, 2022, when the original tranches were converted to equity awards.

Valuation Input	June 2022	October 2022	January 2024
Historical volatility	38.75%	39.23%	39.10%
Risk-free rate	3.04%	3.95%	3.80%
Dividend yield	1.45%	1.44%	1.05%
Cost of equity	11.72%	14.19%	13.65%
Expected term (years)	6.0	5.9	5.5

Stock Option Awards

Between 2016 and 2020, option awards were granted to the Executive Committee with an exercise price equal to the fair market value of our common stock on the date of grant. The option awards have a 10-year term and are subject to the recipient's continuous service, a market requirement, and vest one third on each of the three, four, and five-year anniversaries of the grant date. As of March 31, 2024 June 30, 2024, the market requirement for all outstanding options has been achieved. There were no stock option awards granted from 2021 to March 31, 2024 June 30, 2024.

The following table presents the Company's stock option activity for the current period:

Options outstanding	Options outstanding	Weighted average exercise price (in dollars per stock option)	Weighted average grant date value (in dollars per stock option)	Options exercisable	Options outstanding	Weighted average exercise price (in dollars per stock option)	Weighted average grant date value (in dollars per stock option)	Options exercisable
Balance, December 31, 2023								
Balance, December 31, 2023								
Balance, December 31, 2023								
Balance, March 31, 2024								
Balance, March 31, 2024								
Balance, March 31, 2024								
Balance, June 30, 2024								
Balance, June 30, 2024								
Balance, June 30, 2024								
Weighted average remaining contractual term at March 31, 2024 (in years)								
Weighted average remaining contractual term at March 31, 2024 (in years)								
Weighted average remaining contractual term at March 31, 2024 (in years)								
Weighted average remaining contractual term at June 30, 2024 (in years)								
Weighted average remaining contractual term at June 30, 2024 (in years)								
Weighted average remaining contractual term at June 30, 2024 (in years)								

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Subsidiary Equity Plans

Certain of the Company's subsidiaries have established incentive plans under which they are authorized to issue equity of those subsidiaries to certain of their employees. Such awards are accounted for as equity unless otherwise noted. These awards are subject to performance-vesting criteria based on the performance of the subsidiary (performance vesting awards) and time-vesting subject to continued employment (time vesting awards). The Company has the option, but not the obligation to settle the exchange right in cash.

Fortegra Equity Incentive Plan

Fortegra adopted the 2022 Equity Incentive Plan ("Fortegra Plan") on June 21, 2022, and further amended on January 18, 2024, which permits the grant of RSUs, stock based awards and options up to 11.0% of Fortegra Common Stock (assuming conversion of the Fortegra Preferred Stock), of which the substantial majority is expected to be delivered in options. As of March 31, 2024, time vesting RSUs and time and performance vesting options representing approximately 4.7% of Fortegra Common Stock (assuming conversion of the Fortegra Preferred Stock) have been granted and remain unvested. The general purpose of the Fortegra Plan is to attract, motivate and retain selected employees of Fortegra, to provide them with incentives and rewards for performance and to better align their interests with those of Fortegra's stockholders. Unless otherwise extended, the Fortegra Plan terminates automatically on June 21, 2032. The awards under the Fortegra Plan are not exchangeable for Tiptree common stock.

In May 2023 As of June 30, 2024, vested and November 2023, Fortegra granted management unexercised options with a strike price equal to the per share price on the date of the WP Transaction, delivered in equal portions of represented 0.4%, unvested time vesting RSUs represented 0.2% and unvested time and performance vested grants equal to approximately 4.5% vesting options represented 4.2% of Fortegra Common Stock (assuming cash exercise, after (in each case, assuming conversion of the Fortegra Preferred Stock Stock). The RSUs include a retirement provision and excluding forfeitures), are amortized over the lesser of the service condition or expected retirement date. The time vested options vest in equal parts over five years. The performance vested options vest based on specific internal rate of return targets determined at the time of a change of control of Fortegra or sale by Warburg of more than 50% of its Fortegra securities (on an as converted basis) acquired in 2022. These A majority of these time and performance options must be exercised in the calendar year they vest and shall be deemed automatically exercised if not otherwise done so by December 31 of the calendar year in which they vest. The fair value option grants were estimated on the date of grant using a Black-Scholes Merton option pricing formula embedded within a Monte Carlo model used to simulate the future value of Fortegra Common Stock, which assumes the market requirement is achieved. Key assumptions used in the model were a historical volatility of 45.0%, a risk free rate of 3.7%, no dividend yield and an expected term of 4.2 years.

In May 2023 and March 2024, Fortegra granted time vesting RSUs equal to approximately 0.2% of Fortegra Common Stock (assuming conversion of the Fortegra Preferred Stock). The RSUs include a retirement provision and are amortized over the lesser of the service condition or expected retirement date.

In May 2023 and November 2023, Fortegra granted performance based restricted stock units (Fortegra PRSUs) that vest based on the achievement of specified gross written premium volume targets and underwriting ratios for selected specialty insurance lines written in 2024. Upon vesting, the Fortegra PRSUs entitle recipients to participate in an aggregate pool of between \$5,000 and \$20,000 payable in shares of Fortegra. The Fortegra PRSUs are accounted for as liability awards and were unvested as of March 31, 2024 June 30, 2024.

The following table presents changes to the issuances of subsidiary awards under the subsidiary incentive plans for the periods indicated:

	Grant date fair value of equity shares issuable	
Unvested balance as of December 31, 2023	\$	20,609
Granted		1,200 1,670
Vested		(1,081) (2,475)
Performance assumption adjustment		(49) 171
Unvested balance as of March 31, 2024 June 30, 2024	\$	20,679 19,975

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Stock Based Compensation Expense

The following table presents total stock based compensation expense and the related income tax benefit recognized on the condensed consolidated statements of operations:

	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	2024	
	2024	
	Three Months Ended June 30,	
	Three Months Ended June 30,	
	Three Months Ended June 30,	
	Six Months Ended June 30,	

2024

Employee compensation and benefits
Employee compensation and benefits
Employee compensation and benefits
Director compensation
Director compensation
Director compensation
Income tax benefit
Income tax benefit
Income tax benefit
Net stock based compensation expense
Net stock based compensation expense
Net stock based compensation expense

Additional information on total non-vested stock based compensation is as follows:

	As of March 31, 2024				As of June 30, 2024			
	Subsidiary Stock options	Subsidiary Stock options	Restricted stock awards and RSUs		Performance Restricted Stock Units	Subsidiary Stock options	Restricted stock awards and RSUs	Performance Restricted Stock Units
Unrecognized compensation cost related to non-vested awards ⁽¹⁾								
Weighted - average recognition period (in years)		2.1	0.8		2.0	0.8		1.5

⁽¹⁾ Includes unrecognized compensation cost of \$16,963 \$16,916 related to stock options, \$1,772 \$1,327 related to RSUs, and \$513 \$444 related to PRSUs at The Fortegra Group.

(19) Income Taxes

The following table presents the Company's provision (benefit) for income taxes reflected as a component of income (loss):

	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
	Three Months Ended June 30,		Six Months Ended June 30,			
	2024	2024	2023	2024	2023	
	2024					
	2024					
Total income tax expense (benefit)						
Total income tax expense (benefit)						
Total income tax expense (benefit)						
Effective tax rate (ETR)						
Effective tax rate (ETR)						
Effective tax rate (ETR)	45.9 % ⁽¹⁾	50.0 % ⁽¹⁾	46.2 % ⁽¹⁾	52.9 % ⁽¹⁾		

⁽¹⁾ Higher than the U.S. federal statutory income tax rate of 21% primarily due to the impact of outside basis deferred taxes on Tiptree's investment in Fortegra and other discrete items.

Tiptree owns less than 80% of Fortegra and is required to record deferred taxes on the outside basis on its investment in Fortegra. This deferred tax liability represents the tax that would be due, before consideration of loss carryforwards, if Tiptree were to sell all of its Fortegra stock at its carrying value on Tiptree's balance sheet.

For the three months ended March 31, 2024 June 30, 2024, the deferred tax liability relating to Fortegra increased by \$3,930, 6,001, of which \$535 \$356 of benefit was recorded in OCI, and \$4,465 6,357 expense was recorded as a provision for income taxes. For the three months ended March 31, 2023 June 30, 2023, the deferred tax liability decreased relating to Fortegra increased by \$4,144, \$2,232, of which \$1,808 expense \$24 of benefit was recorded in OCI, \$1,222 benefit was recorded directly in stockholders' equity, and \$2,336 \$3,478 expense was recorded as a provision for income taxes. Excluding the impact of these deferred taxes, the effective tax rates for the three months ended March 31, 2024 June 30, 2024 and 2023 were 31.5% 30.3% and 32.9% 35.3%, respectively.

For the six months ended June 30, 2024, the deferred tax liability relating to Fortegra increased by \$9,931, of which \$891 of benefit was recorded in OCI, and \$10,822 expense was recorded as a provision for income taxes. For the six months ended June 30, 2023, this deferred tax liability relating to Fortegra was \$46,346, which was an increase of \$6,376 from the year ended December 31, 2022, of which \$1,784 expense was recorded in OCI, \$1,222 benefit was recorded directly in stockholders' equity, and \$5,814 expense was recorded as a provision for income taxes. Excluding the impact of these deferred taxes, the effective tax rates for the six months ended June 30, 2024 and 2023 were 30.8% and 34.6%, respectively.

On April 15, 2024, the Company sold its 16.98 million shares of Invesque for \$625 of proceeds resulting in a capital loss carryforward for tax purposes of approximately \$106,768.

The Organization for Economic Cooperation and Development ("OECD") has introduced a framework to implement a global minimum corporate tax rate of 15%, commonly referred to as Pillar Two. Many aspects of Pillar Two are effective beginning calendar year 2024 and other aspects will be effective beginning in calendar year 2025. While it is uncertain whether the U.S. will adopt Pillar Two, certain countries in which the Company operates have adopted legislation and other countries are in the

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process of introducing legislation to implement Pillar Two. While we do not expect Pillar Two to have a material impact on the Company, our analysis is ongoing as the OECD releases additional guidance and countries implement additional legislation.

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(20) Commitments and Contingencies

The following table presents rent expense for the Company's office leases recorded in other expenses on the condensed consolidated statements of operations for the following periods:

	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Six Months Ended June 30,
	2024			
	2024			
	Three Months Ended June 30,	Three Months Ended June 30,	Three Months Ended June 30,	
	2024			
Rent expense for office leases				
Rent expense for office leases				
Rent expense for office leases				

The Company entered into a sublease of its former corporate office space in December 2022. As a result of the sublease, future lease payments will be offset by \$1,842 annually from July 2023 through August 2029.

Litigation

The Company is a defendant in Mullins v. Southern Financial Life Insurance Co., a class action filed in February 2006, in Pike County Circuit Court in the Commonwealth of Kentucky on behalf of Kentucky consumers that purchased certain credit life and disability insurance coverage between 1997-2007. The action alleges violations of the Kentucky Consumer Protection Act ("KCPA") and certain insurance statutes, common law fraud and breach of contract and the covenant of good faith and fair dealing. The plaintiffs seek compensatory and punitive damages, attorneys' fees and interest.

Two classes were certified in June 2010: Subclass A includes class members who suffered a disability during the coverage period but allegedly received less than full disability benefits; Subclass B includes all class members whose loan termination date extended beyond the termination date of the credit disability coverage period.

In a series of orders issued in October 2022 on competing motions for partial summary judgment, the court found in favor of the plaintiffs as to the Subclass A breach of contract claim (the Subclass A Order) and, as to Subclass B, found that the Company was unjustly enriched to the extent the premium it collected exceeded the proportion of the premium for which the Company provided benefits coverage (the Subclass B Order). The court found in favor of the Company as to the plaintiffs' claims for common law fraud and violation of Kentucky's insurance statutes and ordered the plaintiffs' Motion for Sanctions for Spoliation of Evidence held in abeyance. The Company has appealed the Subclass A Order and Subclass B Order and all interlocutory orders made final by entry of the Subclass A Order and Subclass B Order.

In December 2022, the court dismissed the plaintiffs' KCPA claims as to both Subclass A Order and Subclass B Order. The court also dismissed the plaintiffs' breach of covenant of good faith and fair dealing claim as to Subclass B Order but declined to dismiss such claim as to Subclass A Order pending resolution of the Company's appeal. The trial, previously scheduled for December 2023, has been remanded while the matter is on appeal.

In May 2024, the Commonwealth of Kentucky Court of Appeals disagreed with the court's interpretation of the policies at issue and entered an order (the Court of Appeals Order) affirming in part, reversing in part, and remanding the Subclass A Order and Subclass B Order. In June 2024, the Company filed a Motion for Discretionary Review of the Court of Appeals Order in the Supreme Court of the Commonwealth of Kentucky.

The Company considers such litigation customary in the insurance industry. In management's opinion, based on information available at this time, the ultimate resolution of such litigation, which it is vigorously defending, should not be materially adverse to the financial position of the Company. It should be noted that large punitive damage awards, bearing little relation to actual damages sustained by plaintiffs, have been awarded in certain states against other companies in the credit insurance business. At this time, the Company cannot estimate a range of loss that is reasonably possible.

The Company and its subsidiaries are parties to other legal proceedings in the ordinary course of business. Although the Company's legal and financial liability with respect to such proceedings cannot be estimated with certainty, the Company does not believe that these proceedings, either individually or in the aggregate, are likely to have a material adverse effect on the Company's financial position.

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(21) Earnings Per Share

The Company calculates basic net income per share of common stock (common share) based on the weighted average number of common shares outstanding, which includes vested corporate RSUs. Unvested corporate RSUs have a non-forfeitable right to participate in dividends declared and paid on the Company's common stock on an as vested basis and are

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therefore considered a participating security. The Company calculates basic earnings per share using the "two-class" method under which the income available to common stockholders is allocated to the unvested corporate RSUs.

Diluted net income attributable to common stockholders includes the effect of unvested subsidiaries' RSUs, when dilutive. The assumed exercise of all potentially dilutive instruments is included in the diluted net income per common share calculation, if dilutive.

The following table presents a reconciliation of basic and diluted net income per common share for the following periods:

	Three Months Ended	
	March 31,	
	Three Months Ended	
	March 31,	
	Three Months Ended	
	March 31,	
	2024	
	2024	
	Three Months Ended	
	June 30,	
	Three Months Ended	
	June 30,	
	Three Months Ended	Six Months Ended
	June 30,	June 30,

Net income (loss)

Net income (loss)

Net income (loss)

Less:

Less:

Less:

Net income (loss) attributable to non-controlling interests

Net income (loss) attributable to non-controlling interests

Net income (loss) attributable to non-controlling interests

Net income allocated to participating securities

Net income allocated to participating securities

Net income allocated to participating securities

Net income (loss) attributable to Tiptree Inc. common shares - basic

Net income (loss) attributable to Tiptree Inc. common shares - basic

Net income (loss) attributable to Tiptree Inc. common shares - basic

Effect of Dilutive Securities:

Effect of Dilutive Securities:

Effect of Dilutive Securities:

Securities of subsidiaries

Securities of subsidiaries

Securities of subsidiaries

Adjustments to income relating to exchangeable interests and contingent considerations, net of tax

Adjustments to income relating to exchangeable interests and contingent considerations, net of tax

Adjustments to income relating to exchangeable interests and contingent considerations, net of tax

Net income (loss) attributable to Tiptree Inc. common shares - diluted

Net income (loss) attributable to Tiptree Inc. common shares - diluted

Net income (loss) attributable to Tiptree Inc. common shares - diluted

Weighted average number of shares of common stock outstanding - basic

Weighted average number of shares of common stock outstanding - basic

Weighted average number of shares of common stock outstanding - basic

Weighted average number of incremental shares of common stock issuable from exchangeable interests and contingent considerations

Weighted average number of incremental shares of common stock issuable from exchangeable interests and contingent considerations

Weighted average number of incremental shares of common stock issuable from exchangeable interests and contingent considerations

Weighted average number of shares of common stock outstanding - diluted

Weighted average number of shares of common stock outstanding - diluted

Weighted average number of shares of common stock outstanding - diluted

Basic net income (loss) attributable to common shares

Basic net income (loss) attributable to common shares

Basic net income (loss) attributable to common shares

Diluted net income (loss) attributable to common shares

Diluted net income (loss) attributable to common shares

Diluted net income (loss) attributable to common shares

(22) Related Party Transactions

Tiptree Advisors is a related party of the Company because Tiptree Advisors is deemed to be controlled by Michael Barnes, the Company's Executive Chairman. **The Company is invested in funds managed by Tiptree Advisors (the Tiptree Advisors Funds) and Tiptree Advisors manages investment portfolio accounts of Fortegra and certain of its subsidiaries under an investment advisory agreement (the IAA). With respect to the The Company is invested in funds managed by Tiptree Advisors Funds and the IAA, the Advisors. The Company incurred \$1,421 \$1,745 and \$1,102 \$1,267 of management and incentive fees for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively.**

The Company incurred \$3,166 and \$2,369 of management and incentive fees for the six months ended June 30, 2024 and 2023, respectively. Beginning on January 1, 2024, Tiptree's percentage of profits interest in Tiptree Advisors was 40.8%. As of January 1, 2025, Tiptree's percentage interest will increase to 51.0%.

Pursuant to the Transition Services Agreement, Tiptree and Tiptree Advisors have mutually agreed to provide certain services to one another. Payments under the Transition Services Agreement in the **three** six months ended **March 31, 2024** **June 30, 2024** and 2023 were not material.

Pursuant to a Partner Emeritus Agreement, Tiptree agreed to provide Mr. Inayatullah, a greater than 5% stockholder of the Company, support services and reimburse Mr. Inayatullah for a portion of benefit expenses in exchange for advice and other

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consulting services as requested by the Company's Executive Committee. Transactions related to the Partner Emeritus Agreement in the **three** six months ended **March 31, 2024** **June 30, 2024** and 2023 were not material.

(23) Subsequent Events

On **April 30, 2024** **July 30, 2024**, the Company's board of directors declared a quarterly cash dividend of \$0.06 per share to holders of common stock with a record date of **May 20, 2024** **August 19, 2024**, and a payment date of **May 28, 2024** **August 26, 2024**.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is presented in this section as follows:

- Overview
- Results of Operations
- Non-GAAP Measures and Reconciliations
- Liquidity and Capital Resources
- Critical Accounting Policies and Estimates

OVERVIEW

Tiptree allocates capital to select small and middle market companies with the mission of building long-term value. Established in 2007, we have a significant track record investing in the insurance sector and across a variety of other industries, including mortgage, specialty finance and shipping. Our largest operating subsidiary, Fortegra, is a leading provider of specialty insurance products and related services. We also generate earnings from a diverse group of select investments that we refer to as Tiptree Capital, which includes our Mortgage segment and other, non-insurance businesses and assets. We evaluate performance primarily by the comparison of stockholders' long-term total return on capital, as measured by growth in stock price plus dividends paid, in addition to Adjusted Net Income.

Our **first quarter** **year-to-date** 2024 highlights include:

Overall:

- Tiptree reported net income of **\$9.1 million** **\$21.9 million** for the **three** six months ended **March 31, 2024** **June 30, 2024**, compared to **a net loss of \$1.1 million** **\$4.9 million** in the prior year period, driven by growth in insurance operations, partially offset by the increase in tax expense related to the tax deconsolidation of Fortegra from **\$2.3 million** **\$5.8 million** in 2023 to **\$4.5 million** **\$10.8 million** in 2024. Return on average equity was **8.6%** **10.3%**, compared to **(1.1)%** **2.5%** in 2023.
- Adjusted net income of **\$20.5 million** **\$45.0 million** increased from **\$12.6 million** **\$30.2 million** in 2023, driven by growth in insurance operations. Adjusted return on average equity was **19.5%** **21.1%**, as compared to **12.6%** **15.1%** in 2023.

Insurance:

- Gross written premiums and premium equivalents were **\$663.4 million** **\$1,439.5 million** for the **three** six months ended **March 31, 2024** **June 30, 2024**, an increase of **\$42.3 million** **\$102.3 million**, or **6.8%** **7.6%**, from the prior year period as a result of growth in **specialty E&S and admitted** insurance lines in the U.S. and Europe.
- Net written premiums were **\$318.2 million** **\$684.0 million** for the **three** six months ended **March 31, 2024** **June 30, 2024**, an increase of **13.2%** **13.7%**, **consistent with** driven by growth in gross written premiums and **as a result of** increased retention on Fortegra's whole account quota share reinsurance arrangement from 30% to 40%, effective April 1, 2023.
- Total revenues were **\$478.8 million** **\$1,008.7 million**, an increase of **\$110.3 million** **\$255.6 million**, or **29.9%** **33.9%**, from 2023, driven by premium growth in specialty E&S and admitted insurance lines in the U.S. and **Europe, along with growth in net investment income, Europe.**
- Combined ratio of **90.3%** **90.0%**, driven by consistent underwriting performance and the scalability of Fortegra's operating platform.
- Income before taxes of **\$36.8 million** **\$88.1 million** as compared to **\$19.4 million** **\$49.9 million** in 2023. Return on average equity was **22.3%** **25.8%** in 2024 as compared to **16.7%** **20.2%** in 2023. **The 2023, with the increases were** driven by growth in underwriting and fee **revenues and increased net investment income, revenues.**
- Adjusted net income (before NCI) was **\$34.1 million** **\$74.4 million**, an increase of **\$11.2 million** **\$21.4 million**, or **48.8%** **40.3%**, from 2023. Adjusted return on average equity was **28.3%** **29.7%**, as compared to **26.1%** **29.6%** in 2023.
- Fortegra's total stockholders' equity was **\$513.7 million** **\$549.2 million** as of **March 31, 2024** **June 30, 2024**, compared to \$452.6 million as of December 31, 2023, with the increase driven by net income during the current year period, the aggregate capital contribution from Tiptree, **Warburg**, and **Warburg Fortegra independent directors** of **\$38.9 million** **\$40.0 million**, partially offset by an increase in the accumulated other comprehensive loss position.

Tiptree Capital:

- Mortgage income before taxes was **\$0.8 million** **\$1.3 million** for the **three** **six** months ended **March 31, 2024** **June 30, 2024**, as compared to loss of **\$2.6 million** **\$1.3 million** in 2023, with the increase driven by higher origination volumes **and loan servicing fees**, and positive fair value adjustments on the mortgage servicing portfolio.

Key Trends:

Our results of operations are affected by a variety of factors including, but not limited to, general economic conditions and GDP growth, market liquidity and volatility, consumer confidence, U.S. demographics, employment and wage growth, business confidence and investment, inflation, interest rates and spreads, the impact of the regulatory environment, and the other factors set forth in Part I, Item 1A in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. Generally, our businesses are positively affected by a healthy U.S. consumer, stable to gradually rising interest rates, stable markets and business conditions, and global growth and trade flows. Conversely, rising unemployment, volatile markets, rapidly rising interest rates, inflation, changing regulatory requirements and slowing business conditions can have a material adverse effect on our results of operations or financial condition.

Insurance results primarily depend on pricing, underwriting, risk retention and the accuracy of reserves, reinsurance arrangements, returns on invested assets, and policy and contract renewals and run-off. Factors affecting these items, including conditions in financial markets, the global economy and the markets in which we operate, fluctuations in exchange rates, interest rates and inflation, including the current period of inflationary pressures, may have a material adverse effect on our results of operations or financial condition. Fortegra designs, markets and underwrites specialty property and casualty insurance products for select target markets or niches. The business has historically generated significant fee-based revenues by incorporating value-add coverages and services. Underwriting risk is mitigated through a combination of reinsurance and sliding scale commission structures with agents, distribution partners and/or third-party reinsurers. To mitigate counterparty risk, Fortegra ensures its reinsurance receivables are placed with highly rated and appropriately capitalized counterparties or with our distribution partners' captive insurance vehicles which are collateralized with highly liquid investments, cash or letters of credit. While Fortegra's insurance operations have historically maintained a relatively stable combined ratio, initiatives to change the business mix along with these economic factors could generate different results than the business has historically experienced. In particular, rising inflation can have an impact on replacement costs associated with claims from our customers to the extent we are unable to pass the higher costs of claims through higher premiums. In addition, fluctuations of the U.S. dollar relative to other currencies, including the British pound and Euro, would have an impact on book value between periods.

Fortegra's investment portfolio includes fixed maturity securities, loans, credit investment funds, and equity securities. Many of those investments are held at fair value. In recent periods, the U.S. fixed income markets experienced a significant rise in interest rates. Rising interest rates have and could continue to impact the value of Fortegra's fixed maturity securities, with any unrealized losses recorded in equity, and if realized, could impact our results of operations. Offsetting the impact of a rising interest rate environment, new investments in fixed rate instruments from both maturities and portfolio growth have and could continue to result in higher net interest income on investments. The weighted average duration of our fixed income available for sale securities is less than three years. While our asset and liability mix is relatively matched, should we need to liquidate any of these investments before maturity to pay claims, any realized losses could materially negatively impact our results of operations. Changes in fair value for loans, credit investment funds, and equity securities in Fortegra's investment portfolio are reported as unrealized gains or losses in revenues and can be impacted by changes in interest rates, credit risk, currency risk, or market risk, including specific company or industry factors. In addition, our equity holdings are relatively concentrated. General equity market trends, along with company and industry specific factors, can impact the fair value which can result in unrealized gains and losses affecting our results.

Rising 10-year treasury yields, and the tapering of the Federal Reserve's purchases of mortgage-backed securities, has resulted in substantial increases in mortgage interest rates. Low mortgage interest rates driven by the Federal Reserve intervention in mortgage markets, and rising home prices in certain markets, provided tailwinds to the mortgage markets in 2020 and 2021, which benefited our mortgage operations and margins. The substantial rise in rates resulted in a sharp reversal of those trends, with volumes and margins declining significantly. Only partially offsetting the declines in mortgage originations is an increase in the fair value of our mortgage servicing portfolio as rising rates slow prepayment speeds, with a resulting increase in servicing income. Continued rising or elevated mortgage rates could have a materially negative impact on our mortgage operations, and is likely to be only partially mitigated by the improvement in mortgage servicing revenues. A sustained period of negative profitability in the mortgage industry could also impact the availability of funding sources for our mortgage business.

Rising interest rates can also impact the cost of floating interest rate debt obligations, while declining rates can decrease the cost of debt. Our secured revolving and term credit agreements, preferred trust securities and asset based revolving financing are all floating rate obligations. A continuation of rising rates could have a material impact on our costs of floating rate debt.

RESULTS OF OPERATIONS

The following is a summary of our condensed consolidated financial results for the three months ended **March 31, 2024** **June 30, 2024** and

2023. In addition to GAAP results, management uses the Non-GAAP measures Adjusted net income, Adjusted return on average equity and book value per share as measurements of operating performance. Management believes these measures provide supplemental information useful to investors as they are frequently used by the financial community to analyze financial performance and comparison among companies.

Adjusted Net Income and Adjusted Return on Average Equity. Adjusted net income is defined as income before taxes, less provision (benefit) for income taxes, and excluding the after-tax impact of various expenses that we consider to be unique and non-recurring in nature, including merger and acquisition related expenses, stock-based compensation, net realized and unrealized gains (losses) and intangibles amortization associated with purchase accounting. The calculation of adjusted net income excludes net realized and unrealized gains (losses) that relate to investments or assets rather than business operations. Adjusted return on average equity represents adjusted net income expressed on an annualized basis as a percentage of average beginning and ending stockholders' equity during the period. Management uses Adjusted net income and adjusted return on average equity as part of its capital allocation process and to assess comparative returns on invested capital. We believe adjusted net income provides additional clarity on the results of the Company's underlying business operations as a whole for the periods presented by excluding distortions created by the unpredictability and volatility of realized and unrealized gains (losses). We also believe adjusted net income provides useful supplemental information to investors as it is frequently used by the financial community to analyze financial performance between periods and for comparison among companies.

Adjusted net income and adjusted return on average equity are not measurements of financial performance or liquidity under GAAP and should not be considered as an alternative or substitute for GAAP net income. See "Non-GAAP Reconciliations" for a reconciliation of these measures to their GAAP equivalents.

Selected Key Metrics

(\$ in thousands, except per share information)
(\$ in thousands, except per share information)

Three Months Ended
March 31,

(\$ in thousands, except per share information)
GAAP:
GAAP:
GAAP:
Total revenues
Total revenues
Total revenues
Net income (loss) attributable to common stockholders
Net income (loss) attributable to common stockholders
Net income (loss) attributable to common stockholders
Diluted earnings per share
Diluted earnings per share
Diluted earnings per share
Cash dividends paid per common share
Cash dividends paid per common share
Cash dividends paid per common share
Return on average equity
Return on average equity
Return on average equity
Non-GAAP: (1)
Non-GAAP: (1)
Non-GAAP: (1)
Adjusted net income
Adjusted net income
Adjusted net income
Adjusted return on average equity
Adjusted return on average equity
Adjusted return on average equity
Book value per share
Book value per share
Book value per share

(1) See "—Non-GAAP Reconciliations" for a discussion of non-GAAP financial measures.

Revenues

For the three months ended March 31, 2024 June 30, 2024, revenues were \$498.2 million \$546.7 million, which increased \$116.6 million \$142.2 million, or 30.6% 35.1%, compared to the prior year period. For the six months ended June 30, 2024, revenues were \$1.0 billion, which increased \$258.8 million, or 32.9%, compared to the prior year period. The change was changes for both periods were primarily driven by growth in earned premiums, net, service and administrative fees, investment and net realized and unrealized gains and higher mortgage revenues compared to the prior year period.

The table below provides a break down between net realized and unrealized gains and losses from Invesque and other securities which impacted our consolidated results on a pre-tax basis. Many investments are carried at fair value and marked to market through unrealized gains and losses. As a result, we expect earnings related to these investments to be relatively volatile between periods. Fixed income securities are primarily marked to market through AOCI in stockholders' equity and do not impact net realized and unrealized gains and losses until they are sold.

(\$ in thousands)
(\$ in thousands)

	Three Months Ended March 31,	Three Months Ended June 30,	Six Months Ended June 30,
(\$ in thousands)			
2024			
Net realized and unrealized gains (losses) - Invesque (1)			
Net realized and unrealized gains (losses) - Invesque (1)			

Net realized and unrealized gains (losses) - Invesque (1)

Net realized and unrealized gains (losses)(2)

Net realized and unrealized gains (losses)(2)

Net realized and unrealized gains (losses)(2)

(1) On April 15, 2024, the Company sold its 16.98 million shares of Invesque for \$0.6 million of proceeds resulting in a realized loss of \$134.2 million.

(2) Excludes Invesque, Maritime transportation and Mortgage realized and unrealized gains and losses, losses

Net Income (Loss) Attributable to common stockholders

For the three months ended March 31, 2024 June 30, 2024, the net income attributable to common stockholders was \$9.1 million \$12.9 million, compared to a net loss of \$1.1 million \$6.0 million in the prior year period. The increase was period, driven by growth in Fortegra's underwriting and fee

income. For the six months ended June 30, 2024, the net income attributable to common stockholders was \$21.9 million, which increased \$17.0 million, or 344.5%, compared to the prior year period, driven by growth in Fortegra's underwriting and fee income, and improved mortgage operations and investment gains on securities in the Company's investment holdings, partially offset by increased investment losses on Invesque in the current year period, operations.

Adjusted net income & Adjusted return on average equity - Non-GAAP

Adjusted net income for the three months ended March 31, 2024 June 30, 2024 was \$20.5 million \$24.4 million, an increase of \$8.0 million \$6.8 million, or 63.5% 38.5%, from the three months ended March 31, 2023 June 30, 2023, driven by growth in our insurance operations. For the three months ended March 31, 2024 June 30, 2024, adjusted return on average equity was 19.5% 22.7%, as compared to 12.6% 17.6% for the three months ended March 31, 2023 June 30, 2023, driven by the increase in adjusted net income.

Adjusted net income for the six months ended June 30, 2024 was \$45.0 million, an increase of \$14.8 million, or 48.9%, from the six months ended June 30, 2023, driven by growth in our insurance operations. For the six months ended June 30, 2024, adjusted return on average equity was 21.1%, as compared to 15.1% for the six months ended June 30, 2023, driven by the increase in adjusted net income.

Book Value per share - Non-GAAP

Total stockholders' equity was \$598.6 million \$618.1 million as of March 31, 2024 June 30, 2024 compared to \$541.6 million \$546.1 million as of March 31, 2023 June 30, 2023, with the increase driven by comprehensive income over the trailing four quarters, partially offset by net changes in non-controlling interests and preferred dividends paid at Fortegra. In the three six months ended March 31, 2024 June 30, 2024, Tiptree returned \$2.2 million \$4.4 million to stockholders through dividends paid.

Book value per share for the period ended March 31, 2024 June 30, 2024 was \$11.55, \$11.86, an increase from book value per share of \$10.91 \$10.94 as of March 31, 2023 June 30, 2023, driven by comprehensive income per share, partially offset by dividends paid of \$0.21 \$0.22 per share, net changes in non-controlling interests and preferred dividends paid at Fortegra.

Results by Segment

We classify our business into two reportable segments, Insurance and Mortgage, with the remainder of our operations aggregated into Tiptree Capital - Other. Corporate activities include holding company interest expense, corporate employee compensation and benefits, and other expenses, including public company expenses.

The following tables present the components of Revenue, Income (loss) before taxes and Adjusted net income for the following periods:

(\$ in thousands)

(\$ in thousands)

(\$ in thousands)

	2024
	2024
	2024
Revenues:	
Revenues:	
Revenues:	
Insurance	
Insurance	
Insurance	
Mortgage	
Mortgage	
Mortgage	
Tiptree Capital - other	
Tiptree Capital - other	
Tiptree Capital - other	

Corporate
Corporate
Corporate
Total revenues
Total revenues
Total revenues
<u>Income (loss) before taxes:</u>
<u>Income (loss) before taxes:</u>
<u>Income (loss) before taxes:</u>
Insurance
Insurance
Insurance
Mortgage
Mortgage
Mortgage
Tiptree Capital - other
Tiptree Capital - other
Tiptree Capital - other
Corporate
Corporate
Corporate
Total income (loss) before taxes
Total income (loss) before taxes
Total income (loss) before taxes
<u>Non-GAAP - Adjusted net income:</u> ⁽¹⁾
<u>Non-GAAP - Adjusted net income:</u> ⁽¹⁾
<u>Non-GAAP - Adjusted net income:</u> ⁽¹⁾
Insurance
Insurance
Insurance
Mortgage
Mortgage
Mortgage
Tiptree Capital - other
Tiptree Capital - other
Tiptree Capital - other
Corporate
Corporate
Corporate
Total adjusted net income
Total adjusted net income
Total adjusted net income

(1) See “—Non-GAAP Reconciliations” for a discussion of non-GAAP financial measures.

Insurance

Our principal operating subsidiary, Fortegra, is a specialty insurance underwriter and service provider, which focuses on niche lines and fee-oriented services. The combination of specialty insurance underwriting, service contract products, and related service solutions delivered through a vertically integrated business model creates a blend of traditional underwriting revenues, investment income and unregulated fee revenues. The business is an agent-driven model, distributing products through independent insurance agents, consumer finance companies, online retailers, auto dealers, and regional big box retailers to deliver products that complement the consumer transaction.

As of **March 31, 2024** **June 30, 2024**, Fortegra was owned approximately 79.3% by Tiptree, 17.7% by Warburg and 3.0% by management and directors of Fortegra, before giving effect to the exercise of outstanding warrants and the conversion of outstanding preferred stock. The following tables and discussion present the Insurance segment results, including non-controlling interests, for the three months ended **March 31, 2024** **June 30, 2024** and 2023.

Components of our Results of Operations

Revenues

Earned Premiums, net represents the earned portion of gross written and assumed premiums, less the earned portion that is ceded to third-party reinsurers under reinsurance agreements. Fortegra's insurance policies generally have a term of six months to seven years depending on the underlying product and premiums are earned pro rata over the term of the policy. At the end of each reporting period, premiums written but not earned are classified as unearned premiums and are earned in subsequent periods over the remaining term of the policy.

Service and Administrative Fees represent the earned portion of gross written premiums and premium equivalents, which is generated from non-insurance products including warranty service contracts, motor club contracts and other services offered as part of Fortegra's vertically integrated product offerings. Such fees are typically positively correlated with transaction volume and are recognized as revenue when realized and earned. At the end of each reporting period, gross written premiums and premium equivalents written for service contracts not earned are classified as deferred revenue, which are earned in subsequent periods over the remaining term of the policy.

Ceding Commissions and Other Revenue consists of commissions earned on policies written on behalf of third-party insurance companies with no exposure to the insured risk and certain fees earned in conjunction with underwriting policies. Other revenue also includes the interest income earned on the premium finance product offering.

Net Investment Income represents earned investment income on our portfolio of invested assets. Our invested assets are primarily comprised of fixed maturity securities, and may also include cash and cash equivalents and equity securities. The principal factors that influence net investment income are the size of our investment portfolio, the yield on that portfolio and expense due to external investment managers. The insurance investment portfolio includes investments held in statutory insurance companies and in unregulated entities. The portfolios held in statutory insurance companies are subject to different regulatory considerations, including with respect to types of assets, concentration limits, affiliate transactions and the use of leverage.

Net Realized and Unrealized Gains (Losses) on investments are a function of the difference between the amount received by us on the sale of a security and the security's cost-basis, as well as any "other-than-temporary" impairments and allowances for credit losses which are recognized in earnings. In addition, equity securities and certain other investments are carried at fair value with unrealized gains and losses included in this line. Fortegra's investment strategy is designed to achieve attractive risk-adjusted returns across select asset classes, sectors and geographies while maintaining adequate liquidity to meet claims payment obligations. As such, volatility from realized and unrealized gains and losses may impact period-over-period performance. Unrealized gains and losses on equity securities and loans held at fair value impact current period net income, while unrealized gains and losses on AFS securities impact AOCI.

Expenses

Net Losses and Loss Adjustment Expenses represent actual insurance claims paid, changes in unpaid claim reserves, net of amounts ceded and the costs of administering claims for insurance lines. Incurred claims are impacted by loss frequency, which is a measure of the number of claims per unit of insured exposure, and loss severity, which is based on the average size of claims. Factors affecting loss frequency and loss severity include the volume of underwritten contracts, changes in claims reporting patterns, claims settlement patterns, judicial decisions, economic conditions, morbidity patterns and the attitudes of claimants towards settlements, and original pricing of the product for purposes of the loss ratio in relation to loss emergence over time. Losses and loss adjustment expenses are based on an actuarial analysis of the estimated losses, including losses incurred during the period and changes in estimates from prior periods.

Member Benefit Claims represent the costs of services and replacement devices incurred in warranty and motor club service contracts. Member benefit claims represent claims paid on behalf of contract holders directly to third-party providers for roadside assistance and for the repair or replacement of covered products. Claims can also be paid directly to contract holders as a reimbursement payment, provided supporting documentation of loss is submitted to the Company. Claims are recognized as expense when incurred.

Commission Expenses reflect commissions paid to retail agents, third party administrators and managing general underwriters, net of ceding commissions received on business ceded under certain reinsurance contracts. Commission expenses are deferred and amortized to expense in proportion to the premium earned over the policy life. Commission expense is incurred on most product lines. The majority of commissions are retrospective commissions paid to agents, distributors and retailers selling the Company's products, including credit insurance policies, warranty service contracts and motor club memberships. When claims increase, in most cases distribution partners bear the risk through a reduction in their retrospective commissions. Commission rates are, in many cases, set by state regulators, such as in credit and collateral protection programs and are also impacted by market conditions and the retention levels of distribution partners.

Operating and Other Expenses represent the general and administrative expenses of insurance operations including employee compensation and benefits and other expenses, including, technology costs, office rent, and professional services fees, such as legal, accounting and actuarial services.

Interest Expense consists primarily of interest expense on corporate revolving debt, notes, preferred trust securities due June 15, 2037 (Preferred Trust Securities) and asset based debt for premium finance and warranty service contract financing, which is non-recourse to Fortegra.

Depreciation Expense is primarily associated with furniture, fixtures and equipment. *Amortization Expense* is primarily associated with purchase accounting amortization including values associated with acquired customer relationships, trade names and internally developed software and technology.

Key Performance Metrics

We discuss certain key performance metrics, described below, which provide useful information about our business and the operational factors underlying its financial performance.

Gross written premiums and premium equivalents represent total gross written premiums from insurance policies and warranty service contracts issued, as well as premium finance volumes during a reporting period. They represent the volume of insurance policies written or assumed and warranty service contracts issued during a specific period of time without reduction for policy acquisition costs, reinsurance costs or other deductions. Gross written premiums is a volume measure commonly used in the insurance industry to compare sales performance by period. Premium equivalents are used to compare sales performance of warranty service and administrative contract volumes to gross written premiums. Similar to how management considers gross written premiums to be a relevant measure of volume, regardless of the impact of reinsurance on net earned premiums, management considers premium equivalents to be a relevant measure of contract volume, regardless of whether the Company retains the full obligation. Investors also use these measures to compare sales growth among comparable companies, while management uses these measures to evaluate the relative performance of various sales channels.

Combined Ratio, Loss Ratio, Acquisition Ratio, Underwriting Ratio and Operating Expense Ratio

Combined ratio is an operating measure, which equals the sum of the underwriting ratio and the operating expense ratio. Loss ratio is the ratio of the GAAP line items net losses and loss adjustment expenses and member benefit claims to earned premiums, net, service and administrative fees (excluding ceding fees), and other revenue (excluding cash and cash equivalent interest income). Acquisition ratio is the ratio of the GAAP line items commission expense (less ceding fees and ceding commissions) to earned premiums, net, service and administrative fees (excluding ceding fees), and other revenue (excluding cash and cash equivalent interest income). Underwriting ratio is the combination of the loss ratio and the acquisition ratio. Operating expense ratio is the ratio of the GAAP line items employee compensation and benefits and other expenses to earned premiums, net, service and administrative fees (excluding ceding fees) and other revenue (excluding cash and cash equivalent interest income).

A combined ratio under 100% generally indicates an underwriting profit. A combined ratio over 100% generally indicates an underwriting loss. These ratios are commonly used in the insurance industry as a measure of underwriting profitability, excluding earnings on the insurance portfolio. Investors commonly use these measures to compare underwriting performance among companies separate from the performance of the investment portfolio. Management uses these measures to compare the profitability of various products we underwrite as well as profitability among our various agents and sales channels.

Return on average equity is expressed as the ratio of net income to average stockholders' equity during the period. Management uses this ratio as a measure of the on-going performance of the totality of the Company's operations.

Non-GAAP Financial Measures

Underwriting and Fee Revenues and Underwriting and Fee Margin - In order to better explain to investors the underwriting performance of the Company's programs and the respective retentions between the Company and its agents and reinsurance partners, we use the non-GAAP metrics – underwriting and fee revenues and underwriting and fee margin. We generally manage our exposure to the risks we underwrite using both reinsurance (e.g., quota share and excess of loss) and sliding scale commission agreements with our agents (e.g., commissions paid are adjusted based on the actual underlying losses incurred), which mitigates our risk. Generally, when losses are incurred, the risk which is retained by our agents and reinsurers is reflected in a reduction in commissions paid.

Underwriting and fee revenues represents earned premiums, net, service and administrative fees (excluding ceding fees) and other income (excluding cash and cash equivalent interest income). We reconcile underwriting and fee revenues as total revenues excluding net investment income, net realized gains (losses) and net unrealized gains (losses), ceding fees, ceding commissions and cash and cash equivalent interest income as reported in other income.

Underwriting and fee margin represents income before taxes excluding net investment income, net realized gains (losses), net unrealized gains (losses), cash and cash equivalent interest income, employee compensation and benefits, other expenses, interest expense and depreciation and amortization. We deliver our products and services on a vertically integrated basis to our agents. As such, underwriting and fee margin exclude general and administrative expenses, interest income, depreciation and amortization and other corporate expenses, including income taxes, as these corporate expenses support our vertically integrated delivery model and are not specifically supporting any individual business line.

Adjusted net income represents income before taxes, less provision (benefit) for income taxes, and excluding the after-tax impact of various expenses that we consider to be unique and non-recurring in nature, including merger and acquisition related expenses, stock-based compensation, net realized and unrealized gains (losses), and intangibles amortization associated with purchase accounting.

Adjusted return on average equity represents adjusted net income expressed on an annualized basis as a percentage of average beginning and ending stockholders' equity during the period.

See “—Non-GAAP Reconciliations” for a reconciliation of underwriting and fee revenues, underwriting and fee margin, adjusted net income and adjusted return on average equity to their GAAP equivalents.

Results of Operations - Three Months Ended March 31, 2024 June 30, 2024 compared to 2023

(\$ in thousands)	(\$ in thousands) Three Months Ended March 31,					(\$ in thousands) Three Months Ended June 30,				
	2024		2024	2023	Change	% Change		2024		
Revenues:										

Earned premiums, net

Earned premiums, net

Earned premiums, net		\$347,310	\$		\$265,330	\$	\$81,980		30.9	30.9	%	\$398,467	\$	\$	269,795	:
Service and administrative fees	Service and administrative fees	110,487		92,032	92,032		18,455	18,455	20.1	20.1	%		Service and administrative fees	105,847	98,113	
Ceding commissions	Ceding commissions	2,744		3,645	3,645		(901)	(901)	(24.7)	(24.7)	%		Ceding commissions	5,065	4,676	
Net investment income	Net investment income	6,758		5,109	5,109		1,649	1,649	32.3	32.3	%		Net investment income	6,381	9,088	
Net realized and unrealized gains (losses)	Net realized and unrealized gains (losses)	2,819		(4,607)	(4,607)		7,426	7,426	(161.2)	(161.2)	%		Net realized and unrealized gains (losses)	2,545	(4,379)	
Other revenue	Other revenue	8,638		6,935	6,935		1,703	1,703	24.6	24.6	%		Other revenue	11,637	7,384	
Total revenues	Total revenues	\$478,756	\$		\$368,444	\$	\$110,312		29.9	29.9	%	Total revenues	\$529,942	\$		\$384,677

Expenses:

Net losses and loss

adjustment expenses

Net losses and loss

adjustment expenses

Net losses and loss

adjustment expenses

Member benefit claims	Member benefit claims	32,284	27,348	27,348	4,936	4,936	18.0	18.0	%	Member benefit claims	28,716	32,707
Commission expense	Commission expense	156,948	146,450	146,450	10,498	10,498	7.2	7.2	%	Commission expense	173,279	142,699
Employee compensation and benefits	Employee compensation and benefits	31,450	24,613	24,613	6,837	6,837	27.8	27.8	%	Employee compensation and benefits	31,558	27,710
Interest expense	Interest expense	7,639	6,081	6,081	1,558	1,558	25.6	25.6	%	Interest expense	7,488	6,580
Depreciation and amortization	Depreciation and amortization	5,083	4,811	4,811	272	272	5.7	5.7	%	Depreciation and amortization	4,833	5,321
Other expenses	Other expenses	33,161	25,369	25,369	7,792	7,792	30.7	30.7	%	Other expenses	27,559	24,216
Total expenses	Total expenses	\$441,945	\$348,999	\$92,946	26.6	26.6	%	Total expenses	\$478,692	\$354,260		
Income (loss) before taxes (1)	Income (loss) before taxes (1)	\$36,811	\$19,445	\$17,366	89.3	89.3	%	Income (loss) before taxes (1)	\$51,250	\$30,417		

Key Performance Metrics:

Key Performance Metrics:

Key Performance Metrics:

Gross written premiums and premium equivalents																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
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(1) Net income was \$26.9 million \$37.6 million for the three months ended March 31, 2024 June 30, 2024 compared to \$14.7 million \$21.3 million for the three months ended March 31, 2023 June 30, 2023.

(2) See “—Non-GAAP Reconciliations” for a discussion of non-GAAP financial measures.

Revenues - Three Months Ended March 31, 2024 June 30, 2024 compared to 2023

For the three months ended March 31, 2024 June 30, 2024, total revenues increased 29.9% 37.8%, to \$478.8 million \$529.9 million, as compared to \$368.4 million \$384.7 million for the three months ended March 31, 2023 June 30, 2023. Earned premiums, net of \$347.3 million \$398.5 million increased \$82.0 million \$128.7 million, or 30.9% 47.7%, driven by growth in specialty E&S and admitted insurance lines. Earned premiums assumed from other insurance companies were \$141.3 million \$159.8 million, or 40.7% 40.1% of the total, compared to \$110.0 million \$110.7 million, or 41.4% 41.0% of the total, in the prior year period. Included in the current period were earned premiums associated with the book-roll transaction with one of Fortegra's MGA partners that was assumed in December 2023. As it expands to new geographies and expands product offerings, the Company works to obtain necessary licenses and intends to write this business directly upon obtaining necessary licenses. The Company views direct written and assumed business as having similar characteristics. Service and administrative fees of \$110.5 million \$105.8 million increased by 20.1% 7.9% driven primarily by growth in vehicle service contract revenues. Ceding commissions of \$2.7 million decreased \$5.1 million increased by \$0.9 million \$0.4 million, or 24.7% 8.3%. Other revenues increased by \$1.7 million \$4.3 million, or 24.6% 57.6%, driven by growth in premium finance product offerings and interest income on cash and cash equivalents.

For the three months ended March 31, 2024 June 30, 2024, 25.5% 23.1% of revenues were derived from fees that were not solely dependent upon the underwriting performance of Fortegra's insurance products, resulting in more diversified earnings. For the three months ended March 31, 2024 June 30, 2024, 80.3% 77.9% of fee-based revenues were generated in non-regulated service companies, with the remainder in regulated insurance companies.

For the three months ended March 31, 2024 June 30, 2024, net investment income was \$6.8 million \$6.4 million as compared to \$5.1 million \$9.1 million in the prior year period, primarily a decrease of \$2.7 million driven by growth increased cash equivalent balances for which interest income is reported in other income and increased investments and the increase in yields. expenses. Net realized and unrealized gains were \$2.8 million \$2.5 million, an improvement of \$7.4 million \$6.9 million, as compared to net realized and unrealized losses of \$4.6 million \$4.4 million in the prior year period, primarily driven by the change in fair value of certain equity and other investments carried at fair value. Unrealized losses on AFS securities impacting OCI for the three months ended March 31, 2024 June 30, 2024 were \$4.8 million \$0.9 million, driven by the increase in yields (yields and bonds prices are inversely related) and corresponding impact to the fair value of investments.

Expenses - Three Months Ended March 31, 2024 June 30, 2024 compared to 2023

For the three months ended **March 31, 2024** **June 30, 2024**, net losses and loss adjustment expenses were **\$175.4 million** **\$205.3 million**, member benefit claims were **\$32.3 million** **\$28.7 million** and commission expense was **\$156.9 million** **\$173.3 million**, as compared to **\$114.3 million** **\$115.0 million**, **\$27.3 million** **\$32.7 million**, and **\$146.5 million** **\$142.7 million**, respectively, for the three months ended **March 31, 2023** **June 30, 2023**. The increase in net losses and loss adjustment expenses of **\$61.1 million** **\$90.2 million**, or **53.4%** **78.4%**, was driven by growth in U.S. and European insurance lines and the shift in business mix toward commercial lines, which tend to have higher loss ratios and lower commission and expense ratios. In addition, the Company experienced **unfavorable** **favorable** prior year development of **\$0.8 million** **\$1.6 million** for the three months ended **March 31, 2024** **June 30, 2024**, driven by **higher-than-expected** **lower-than-expected** claim severity in our commercial lines of **business**, primarily driven by **one partner**. **business**. The **increase** **decrease** in member benefit claims of **\$4.9 million** **\$4.0 million**, or **18.0%** **12.2%**, was driven by **growth** **declines** in **vehicle service contracts** **auto** and the impacts of inflation on replacement costs and labor rates. **consumer goods claim frequencies**. Commission expenses increased by **\$10.5 million** **\$30.6 million**, or **7.2%** **21.4%**, generally in line with the growth in earned premiums, net and service and administrative fees, partially offset by the impact of sliding scale commissions as losses increased.

For the three months ended **March 31, 2024** **June 30, 2024**, employee compensation and benefits were **\$31.5 million** **\$31.6 million** and other expenses were **\$33.2 million** **\$27.6 million**, as compared to **\$24.6 million** **\$27.7 million** and **\$25.4 million** **\$24.2 million**, respectively, for the three months ended **March 31, 2023** **June 30, 2023**. Employee compensation and benefits increased by **\$6.8 million** **\$3.8 million**, or **27.8%** **13.9%**, driven by investments in human capital associated with growth in E&S, admitted and warranty lines. Other expenses increased by **\$7.8 million** **\$3.3 million**, or **30.7%** **13.8%**, driven by a change in fair value of the Fortegra Additional Warrant liability of **\$4.2 million** **\$0.9 million**, and **\$3.2 million** of expenses related to legal increased marketing and other expenses associated with preparation of the registration statement for the withdrawn Fortegra initial public offering in February 2024. **information technology expenses**.

For the three months ended **March 31, 2024** **June 30, 2024**, interest expense was **\$7.6 million** **\$7.5 million** as compared to **\$6.1 million** **\$6.6 million** for the three months ended **March 31, 2023** **June 30, 2023**. The increase in interest expense of **\$1.6 million** **\$0.9 million**, or **25.6%** **13.8%**, was primarily driven by the rise in short-term interest rates and increased borrowings on Fortegra's corporate revolver and asset based debt for premium finance lines.

For the three months ended **March 31, 2024** **June 30, 2024**, depreciation and amortization expense was **\$5.1 million** **\$4.8 million**, including **\$4.0 million** **\$3.7 million** of intangible amortization related to purchase accounting associated with acquisitions at Fortegra from 2019 to 2023, as compared to **\$4.8 million** **\$5.3 million**, including \$3.9 million of intangible amortization from purchase accounting in 2023.

Gross Written Premiums and Premium Equivalents

The below table shows gross written premiums and premium equivalents by business mix for the three months ended **March 31, 2024** **June 30, 2024** and 2023:

(\$ in thousands)

(\$ in thousands)

(\$ in thousands)

	Three Months Ended March 31,	
	2024	
	2024	
	2024	
Property and short-tail		
Property and short-tail		
Property and short-tail		
Contractual liability		
Contractual liability		
Contractual liability		
General liability		
General liability		
General liability		
Alternative risks		
Alternative risks		
Alternative risks		
Professional liability		
Professional liability		
Professional liability		
Europe		
Europe		
Europe		
Commercial lines		
Commercial lines		
Commercial lines		
Personal lines		

Personal lines

Personal lines

Insurance

Insurance

Insurance

Auto and consumer goods warranty

Auto and consumer goods warranty

Auto and consumer goods warranty

Other services

Other services

Other services

Services

Services

Services

Total (1,2)

Total (1,2)

Total (1,2)

(1) The total gross written premiums and premium equivalents of \$663.4 million \$776.1 million and \$621.2 million \$716.1 million for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, were comprised of gross written premiums of \$457.1 million \$573.8 million and \$424.9 million \$501.3 million, plus assumed premiums of \$112.7 million \$107.9 million and \$106.9 million \$113.2 million, plus gross service and administrative fee additions of \$93.6 million \$94.4 million and \$89.3 million \$101.5 million, respectively. See Note (7) Reinsurance Recoverable and Prepaid Reinsurance Premiums and Note (13) Revenue from Contracts with Customers Revenue from Contracts with Customers within the respective periods for more information.

(2) The premium equivalents metric excludes amounts received from failure to perform vehicle service contracts held in off-balance sheet trusts and premium finance volumes as it was determined to be unlikely these amounts will be recognized as revenue. The first second quarter 2023 has been been conformed resulting in a reduction of premium equivalents of \$129.2 million \$139.0 million. This change only impacted the premium equivalents metric and did not impact the Company's condensed consolidated financial statements.

Total gross written premiums and premium equivalents for the three months ended March 31, 2024 June 30, 2024 were \$663.4 million \$776.1 million, representing an increase of \$42.3 million \$60.0 million, or 6.8% 8.4%. The increase was driven by a combination of factors including expanding Fortegra's distribution partner network, and growing specialty admitted and E&S insurance lines, and increasing penetration in the vehicle service contract sector, lines.

For the three months ended March 31, 2024 June 30, 2024, Insurance increased by \$38.0 million \$67.1 million, or 7.1% 10.9%, driven by growth in specialty commercial lines including in the E&S and admitted business. For the three months ended March 31, 2024 June 30, 2024, Services increased decreased by \$4.2 million \$7.1 million, or 4.8% 7.0%, driven by growth declines in vehicle service auto and consumer goods warranty contracts.

The growth in gross written premiums and premium equivalents, combined with higher retention in select products as of March 31, 2024 June 30, 2024, has resulted in an increase of \$263.3 million \$152.2 million, or 12.7% 6.9%, in unearned premiums and deferred revenue on the condensed consolidated balance sheets as compared to March 31, 2023 June 30, 2023. As of March 31, 2024 June 30, 2024, unearned premiums and deferred revenues were \$2.3 billion \$2.4 billion, as compared to \$2.1 billion \$2.2 billion as of March 31, 2023 June 30, 2023.

Net written premiums

(\$ in thousands)

(\$ in thousands)

(\$ in thousands)

2024

2024

2024

Property and short-tail

Property and short-tail

Property and short-tail

Contractual liability

Contractual liability

Contractual liability

General liability

General liability

General liability

Alternative risks
Alternative risks
Alternative risks
Professional liability
Professional liability
Professional liability
Europe
Europe
Europe
Commercial lines
Commercial lines
Commercial lines
Personal lines
Personal lines
Personal lines
Insurance
Insurance
Insurance

Net written premiums for the three months ended **March 31, 2024** **June 30, 2024** were **\$318.2 million** **\$365.9 million**, representing an increase of **\$37.0 million** **\$45.3 million**, or **13.2%** **14.1%**, consistent with growth in gross written premiums, and as a result of increased retention on Fortegra's whole account quota share reinsurance **arrangement from 30% to 40%, effective April 1, 2023.** **arrangement.** For the three months ended **March 31, 2024** **June 30, 2024**, Net written premiums from commercial lines increased by **\$42.5 million** **\$51.0 million**, or **18.0%** **18.5%**, driven by growth in specialty E&S and admitted business. For the three months ended **March 31, 2024** **June 30, 2024**, net written premiums from personal lines decreased by **\$5.5 million** **\$5.7 million**, or **12.4%** **12.7%**, driven by declines in personal credit insurance lines. Net written premiums from property and short-tail lines represented **\$108.4 million** **\$108.3 million**, or **34.1%** **29.6%**, of the total net written premiums for the three months ended **March 31, 2024** **June 30, 2024** compared to **\$73.9 million** **\$100.1 million**, or **26.3%** **31.2%**, for the prior year period. Property and short-tail net written premiums were diversified by geographic location, exposure and risk type with substantial reinsurance protection. As of **March 31, 2024** **June 30, 2024**, the net loss to the Company in a 1-in-250 year catastrophe event represented approximately **2.8%** **2.6%** of Fortegra's stockholders' equity. This reported loss includes the impact of incurred losses based on the estimated frequency and severity of potential events, reinstatements premiums, reinsurance recoveries and taxes.

Combined Ratio

The combined ratio was **90.3%** **89.9%** for the three months ended **March 31, 2024** **June 30, 2024**, compared to **91.6%** **90.2%** for the prior year period, reflecting the consistent underwriting performance and scalability of the Company's operating platform. The underwriting ratio was **77.5%** **78.2%**, **a decrease** **an increase** of **0.4%** **2.3%** from the prior year period, which consists of a loss ratio of **46.3%** **47.3%**, compared to **40.5%** **40.8%** in the prior year period, and an acquisition ratio of **31.2%** **30.9%**, compared to **37.4%** **35.1%** in the prior year period. The increase in loss ratio was driven by changes in business mix, which was **more than** **partially** offset by the decline in acquisition ratio. The operating expense ratio decreased **0.9%** **2.6%** percentage points to **12.8%** **11.7%**, as compared to **13.7%** **14.3%** in the prior year period.

Underwriting and Fee Revenues and Margin - Non-GAAP

The below tables show underwriting and fee revenues and underwriting and fee margin by business mix for the three months ended **March 31, 2024** **June 30, 2024** and 2023.

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended June 30,
	Three Months Ended June 30,
	Three Months Ended June 30,
(\$ in thousands)	
(\$ in thousands)	
(\$ in thousands)	
	Insurance
	Insurance
	Insurance
Underwriting and Fee Revenues ⁽¹⁾	
Underwriting and Fee Revenues ⁽¹⁾	

Underwriting and Fee Revenues ⁽¹⁾
Net losses and loss adjustment expenses
Net losses and loss adjustment expenses
Net losses and loss adjustment expenses
Member benefit claims
Member benefit claims
Member benefit claims
Commission expense ⁽²⁾
Commission expense ⁽²⁾
Commission expense ⁽²⁾
Underwriting and Fee Margin ⁽¹⁾
Underwriting and Fee Margin ⁽¹⁾
Underwriting and Fee Margin ⁽¹⁾
Loss ratio
Loss ratio
Loss ratio
Acquisition ratio
Acquisition ratio
Acquisition ratio
Underwriting ratio
Underwriting ratio
Underwriting ratio

⁽¹⁾ See "—Non-GAAP Reconciliations" for a discussion of non-GAAP financial measures.

⁽²⁾ Commission expense in this table is presented net of ceding fees and ceding commissions of \$14.6 million \$15.0 million and \$2.7 million \$5.1 million, respectively, as of the three months ended March 31, 2024 June 30, 2024, and \$11.9 million \$11.0 million and \$3.6 million \$4.7 million, respectively, as of the three months ended March 31, 2023 June 30, 2023.

Underwriting and fee revenues were \$448.1 million \$495.2 million for the three months ended March 31, 2024 June 30, 2024 as compared to \$350.2 million \$362.3 million for the three months ended March 31, 2023 June 30, 2023. Total underwriting and fee revenues increased \$97.9 million \$132.9 million, or 27.9% 36.7%, driven by growth in all business lines. The increase in Insurance was \$81.1 million \$127.0 million, or 30.1% 46.6%, driven by growth in specialty E&S and admitted insurance lines. The increase in Services was \$16.8 million \$5.9 million, or 20.7% 6.6%, driven by growth in vehicle service contracts and premium finance offerings, in addition to the acquisition of Premia offerings.

Underwriting and fee margin was \$100.8 million \$108.0 million for the three months ended March 31, 2024 June 30, 2024 as compared to \$77.6 million \$87.5 million for the three months ended March 31, 2023 June 30, 2023. Total underwriting and fee margin increased \$23.2 million \$20.5 million, or 29.9% 23.4%, driven by growth in Insurance and Services. Insurance grew by \$17.6 million \$10.8 million, or 34.0% 16.7%, driven by revenue growth in admitted and E&S lines. Services increased by \$5.6 million \$9.7 million, or 21.7% 42.4%, driven by growth in vehicle service contracts and premium finance offerings in addition to the acquisition of Premia and reduced member benefit claims.

Return on Average Equity

Return on average equity was 22.3% 28.4% for the three months ended March 31, 2024 June 30, 2024, as compared to 16.7% 23.1% for the prior year period. The increase in net income and annualized return on average equity was driven by revenue growth and improvement of the combined ratio, in addition to improvements in net realized and unrealized gains and losses.

Adjusted Net Income and Adjusted Return on Average Equity - Non-GAAP

For the three months ended June 30, 2024, adjusted net income and adjusted return on average equity were \$40.3 million and 29.7%, respectively, as compared to \$30.1 million and 32.4%, respectively, for the three months ended June 30, 2023.

Results of Operations - Six Months Ended June 30, 2024 compared to 2023

(\$ in thousands)	Six Months Ended June 30,			
	2024	2023	Change	% Change
Revenues:				
Earned premiums, net	\$ 745,777	\$ 535,125	\$ 210,652	39.4 %
Service and administrative fees	216,334	190,145	26,189	13.8 %
Ceding commissions	7,809	8,321	(512)	(6.2)%
Net investment income	13,139	14,197	(1,058)	(7.5)%
Net realized and unrealized gains (losses)	5,364	(8,986)	14,350	NM%

Other revenue	20,275	14,319	5,956	41.6 %
Total revenues	\$ 1,008,698	\$ 753,121	\$ 255,577	33.9 %
Expenses:				
Net losses and loss adjustment expenses	\$ 380,639	\$ 229,354	\$ 151,285	66.0 %
Member benefit claims	61,000	60,055	945	1.6 %
Commission expense	330,227	289,149	41,078	14.2 %
Employee compensation and benefits	63,008	52,323	10,685	20.4 %
Interest expense	15,127	12,661	2,466	19.5 %
Depreciation and amortization	9,916	10,132	(216)	(2.1)%
Other expenses	60,720	49,585	11,135	22.5 %
Total expenses	\$ 920,637	\$ 703,259	\$ 217,378	30.9 %
Income (loss) before taxes ⁽¹⁾	\$ 88,061	\$ 49,862	\$ 38,199	76.6 %
Key Performance Metrics:				
Gross written premiums and premium equivalents	\$ 1,439,476	\$ 1,337,221	\$ 102,255	7.6 %
Net written premiums	\$ 684,048	\$ 601,718	\$ 82,330	13.7 %
Loss ratio	46.8 %	40.6 %		
Acquisition ratio	31.0 %	36.2 %		
Underwriting ratio	77.8 %	76.8 %		
Operating expense ratio	12.2 %	14.0 %		
Combined ratio	90.0 %	90.8 %		
Return on average equity	25.8 %	20.2 %		
Non-GAAP Financial Measures ⁽²⁾:				
Adjusted net income	\$ 74,449	\$ 53,058	\$ 21,391	40.3 %
Adjusted return on average equity	29.7 %	29.6 %		

⁽¹⁾ Net income was \$64.5 million for the six months ended June 30, 2024 compared to \$36.1 million for the six months ended June 30, 2023.

⁽²⁾ See "—Non-GAAP Reconciliations" for a discussion of non-GAAP financial measures.

Revenues - Six Months Ended June 30, 2024 compared to 2023

For the six months ended June 30, 2024, total revenues increased 33.9%, to \$1,008.7 million, as compared to \$753.1 million for the six months ended June 30, 2023. Earned premiums, net of \$745.8 million increased \$210.7 million, or 39.4%, driven by growth in admitted and E&S commercial lines. Earned premiums assumed from other insurance companies were \$301.1 million, or 40.4% of the total, compared to \$220.7 million, or 41.2% of the total, in the prior year period. Included in the current period were earned premiums associated with the book-roll transaction with one of Fortegra's MGA partners that was assumed in December 2023. As it expands to new geographies and expands product offerings, the Company works to obtain necessary licenses and intends to write this business directly upon obtaining necessary licenses. The Company views direct written and assumed business as having similar characteristics. Service and administrative fees of \$216.3 million increased by 13.8% driven by growth in warranty and consumer goods service contract revenues. Ceding commissions of \$7.8 million decreased by \$0.5 million, or 6.2%. Other revenues increased by \$6.0 million, or 41.6%, driven by growth in premium finance product offerings.

For the six months ended June 30, 2024, 24.2% of revenues were derived from fees that were not solely dependent upon the underwriting performance of Fortegra's insurance products, resulting in more diversified earnings. For the six months ended June 30, 2024, 79.1% of fee-based revenues were generated in non-regulated service companies, with the remainder in regulated insurance companies.

For the six months ended June 30, 2024, net investment income was \$13.1 million as compared to \$14.2 million in the prior year period, a decrease of \$1.1 million driven by increased cash equivalent balances for which interest income is reported in other income and increased investments expenses, partially offset by increased yields on investments. Net realized and unrealized gains were \$5.4 million, compared to net realized and unrealized losses of \$9.0 million in the prior year period, primarily driven by the change in fair value of equity securities and other investments carried at fair value.

Expenses - Six Months Ended June 30, 2024 compared to 2023

For the six months ended June 30, 2024, net losses and loss adjustment expenses were \$380.6 million, member benefit claims were \$61.0 million and commission expense was \$330.2 million, as compared to \$229.4 million, \$60.1 million, and \$289.1 million respectively, for the six months ended June 30, 2023. The increase in net losses and loss adjustment expenses of \$151.3 million, or 66.0%, was driven by growth in U.S. and European Insurance lines and the shift in business mix toward commercial lines, which tend to have a higher loss ratios and lower commission ratios. During the six months ended June 30, 2024, the Company experienced a favorable prior year development of \$0.8 million primarily as a result of lower-than-expected claims in its commercial lines of business. In the six months ended June 30, 2023, the Company experienced unfavorable prior year development of \$2.5 million primarily driven by higher-than-expected claim severity from business written by a small group of producers of our personal and commercial lines of business. The increase in member benefit claims of \$0.9 million, or 1.6%, was driven by growth in vehicle service contracts. Commission expense increased by \$41.1 million, or 14.2%, in line with the growth in earned premiums, net and service and administrative fees.

For the six months ended June 30, 2024, employee compensation and benefits were \$63.0 million and other expenses were \$60.7 million, as compared to \$52.3 million and \$49.6 million, respectively, for the six months ended June 30, 2023. Employee compensation and benefits increased by \$10.7 million, or 20.4%, driven by investments in human capital associated with growth in admitted, E&S and warranty lines. Other expenses increased by \$11.1 million, or 22.5%, driven by a change in fair value of the Fortegra Additional Warrant liability of \$5.1 million, in addition to \$3.3 million of expenses related to legal and other expenses associated with preparation of the registration statement for the withdrawn Fortegra initial public offering in February 2024.

For the six months ended June 30, 2024, interest expense was \$15.1 million as compared to \$12.7 million for the six months ended June 30, 2023. The increase in interest expense of \$2.5 million, or 19.5%, was primarily driven by increased borrowings on Fortegra's corporate revolver and asset based debt for premium finance lines.

For the six months ended June 30, 2024, depreciation and amortization expense was \$9.9 million, including \$3.7 million of intangible amortization related to purchase accounting associated with acquisitions at Fortegra from 2019 to 2023, as compared to \$10.1 million, including \$7.8 million of intangible amortization from purchase accounting in 2023.

Gross Written Premiums and Premium Equivalents

The below table shows gross written premiums and premium equivalents by business mix for the six months ended June 30, 2024 and 2023:

(\$ in thousands)	Six Months Ended June 30,	
	2024	2023
Property and short-tail	\$ 370,905	\$ 244,875
Contractual liability	160,212	202,498
General liability	176,184	188,853
Alternative risks	163,238	151,955
Professional liability	138,330	117,423
Europe	79,670	67,625
Commercial lines	\$ 1,088,539	\$ 973,229
Personal lines	163,004	173,164
Insurance	\$ 1,251,543	\$ 1,146,393
Auto and consumer goods warranty	165,295	166,420
Other services	22,638	24,408
Services	\$ 187,933	\$ 190,828
Total ^(1,2)	\$ 1,439,476	\$ 1,337,221

⁽¹⁾ The total gross written premiums and premium equivalents of \$1,439.5 million and \$1,337.2 million for the six months ended June 30, 2024 and 2023, respectively, were comprised of gross written premiums of \$1,030.9 million and \$926.2 million, plus assumed premiums of \$220.7 million and \$220.1 million, plus gross service and administrative fee additions of \$187.9 million and \$190.8 million, respectively. See Note (7) Reinsurance Recoverable and Prepaid Reinsurance Premiums and Note (13) Revenue from Contracts with Customers within the respective periods for more information.

⁽²⁾ The premium equivalents metric excludes amounts received from failure to perform vehicle service contracts held in off-balance sheet trusts and premium finance volumes as it was determined to be unlikely these amounts will be recognized as revenue. The second quarter 2023 has been conformed resulting in a reduction of premium equivalents of \$268.1 million. This change only impacted the premium equivalents metric and did not impact the Company's condensed consolidated financial statements.

Total gross written premiums and premium equivalents for the six months ended June 30, 2024 were \$1,439.5 million, representing an increase of \$102.3 million, or 7.6%. The increase was driven by a combination of factors including expanding Fortegra's distribution partner network, and growing E&S insurance lines.

For the six months ended June 30, 2024, Insurance increased by \$105.2 million, or 9.2%, driven by growth in specialty commercial lines in the E&S business. For the six months ended June 30, 2024, Services decreased by \$2.9 million, or 1.5%, driven by declines in auto and consumer goods warranty contracts.

Net written premiums

(\$ in thousands)	Six Months Ended June 30,	
	2024	2023
Property and short-tail	\$ 216,859	\$ 174,026
Contractual liability	41,516	28,358
General liability	83,860	80,284
Alternative risks	119,588	111,981
Professional liability	64,391	50,028
Europe	79,670	67,625
Commercial lines	\$ 605,884	\$ 512,302
Personal lines	78,164	89,416
Insurance	\$ 684,048	\$ 601,718

Net written premiums for the six months ended June 30, 2024 were \$684.0 million, representing an increase of \$82.3 million, or 13.7%, consistent with growth in gross written premiums, and as a result of increased retention on Fortegra's whole account quota share reinsurance arrangement from 30% to 40%, effective April 1, 2023. For the six months ended June 30, 2024, Net written premiums from commercial lines increased by \$93.6 million, or 18.3%, driven by growth in specialty E&S and admitted business. For the six months ended June 30, 2024, net written premiums from personal lines decreased by \$11.3 million, or 12.6%, driven by declines in personal credit insurance lines. Net written premiums from property and short-tail lines represented \$216.9 million, or 31.7%, of the total net written premiums for the six months ended June 30, 2024 compared to \$174.0 million, or 28.9%, for the prior year period. Property and short-tail net written premiums were diversified by geographic location, exposure and risk type with substantial reinsurance protection.

Combined Ratio

The combined ratio was 90.0% for the six months ended June 30, 2024, compared to 90.8% for the prior year period, reflecting the consistent underwriting performance and scalability of the Company's operating platform. The underwriting ratio was 77.8%, an increase of 1.0% from the prior year period, which consists of a loss ratio of 46.8%, compared to 40.6% in the prior year period, and an acquisition ratio of 31.0%, compared to 36.2% in the prior year period. The increase in loss ratio was driven by changes in business mix, which was partially offset by the decline in acquisition ratio. The operating expense ratio decreased 1.8% percentage points to 12.2%, as compared to 14.0% in the prior year period.

Underwriting and Fee Revenues and Underwriting and Fee Margin - Non-GAAP⁽¹⁾

The below tables show underwriting and fee revenues and underwriting and fee margin by business mix for the six months ended June 30, 2024 and 2023.

(\$ in thousands)	Six Months Ended June 30,					
	2024			2023		
	Insurance	Services	Total	Insurance	Services	Total
Underwriting and Fee Revenues ⁽¹⁾	\$ 749,820	\$ 193,414	\$ 943,234	\$ 541,799	\$ 170,668	\$ 712,467
Net losses and loss adjustment expenses	380,639	—	380,639	229,324	30	229,354
Member benefit claims	—	61,000	61,000	—	60,056	60,056
Commission expense ⁽²⁾	224,172	68,586	292,758	195,914	62,012	257,926
Underwriting and Fee Margin ⁽¹⁾	\$ 145,009	\$ 63,828	\$ 208,837	\$ 116,561	\$ 48,570	\$ 165,131
Loss ratio	50.8 %	31.5 %	46.8 %	42.3 %	35.2 %	40.6 %
Acquisition ratio	29.9 %	35.5 %	31.0 %	36.2 %	36.3 %	36.2 %
Underwriting ratio	80.7 %	67.0 %	77.8 %	78.5 %	71.5 %	76.8 %

⁽¹⁾ See "—Non-GAAP Reconciliations" for a discussion of non-GAAP financial measures.

⁽²⁾ Commission expense in this table is presented net of ceding fees and ceding commissions of \$29.7 million and \$7.8 million, respectively, as of the six months ended June 30, 2024, and \$22.9 million and \$8.3 million, respectively, as of the six months ended June 30, 2023.

Underwriting and fee revenues were \$943.2 million for the six months ended June 30, 2024 as compared to \$712.5 million for the six months ended June 30, 2023. Total underwriting and fee revenues increased \$230.8 million, or 32.4%, driven by growth in all business lines. The increase in Insurance was \$208.0 million, or 38.4%, driven by growth in commercial, E&S, and credit insurance lines. The increase in Services was \$22.7 million, or 13.3%, driven by growth in vehicle service contracts and premium finance offerings, in addition to the acquisition of Premia.

Underwriting and fee margin was \$208.8 million for the six months ended June 30, 2024 as compared to \$165.1 million for the six months ended June 30, 2023. Total underwriting and fee margin increased \$43.7 million, or 26.5%, driven by growth in Insurance and Services. Insurance grew by \$28.4 million, or 24.4%, from growth in specialty admitted and E&S lines. Services increased by \$15.3 million, or 31.4%, primarily driven by growth in vehicle service contracts and premium finance offerings, in addition to the acquisition of Premia.

Return on Average Equity

Return on average equity was 25.8% for the six months ended June 30, 2024, as compared to 20.2% for the six months ended June 30, 2023. The increase in net income and annualized return on average equity was driven by revenue growth and improvement of the combined ratio, in addition to improvements in net realized and unrealized gains and losses.

Adjusted Net Income and Adjusted Return on Average Equity - Non-GAAP

For the **three** six months ended **March 31, 2024** June 30, 2024, adjusted net income and adjusted return on average equity were **\$34.1 million** \$74.4 million and **28.3%** 29.7%, respectively, as compared to **\$22.9 million** \$53.1 million and **26.1%** 29.6%, respectively, for the **three** six months ended **March 31, 2023** June 30, 2023.

Tiptree Capital

Tiptree Capital consists of our Mortgage segment, which includes the operating results of Reliance, our mortgage business, and Tiptree Capital - Other, which consists of our other non-insurance operating businesses and investments. As of March 31, 2024, Tiptree Capital - Other includes our Invesque shares and other investments.

Mortgage

Through our Mortgage operating subsidiary, Reliance, we originate, sell, securitize and service one-to-four-family, residential mortgage loans, comprised of conforming mortgage loans, Federal Housing Administration ("FHA"), Veterans Administration ("VA"), United States Department of Agriculture ("USDA"), and to a lesser extent, non-agency jumbo prime. We are an approved seller/servicer for Fannie Mae and Freddie Mac. We are also an approved issuer and servicer for Ginnie Mae. We originate residential mortgage loans through our retail distribution channel (directly to consumers) in 39 states and the District of Columbia as of March 31, 2024 June 30, 2024.

Components of our Results of Operations

Revenues

Net Realized and Unrealized Gains (Losses) include gains on sale of mortgage loans and the fair value adjustment in mortgage servicing rights. Gains on the sale of mortgage loans represent the difference between the selling price and carrying value of loans sold and are recognized upon settlement. Such gains also include the changes in fair value of loans held for sale and loan-related hedges and derivatives. We transfer the risk of loss or default to the loan purchaser, however, in some cases we are required to indemnify purchasers for losses related to non-compliance with borrowers' creditworthiness and collateral requirements. Because of this, we recognize gains on sale net of required indemnification and premium recapture reserves. The fair value adjustment on mortgage servicing rights represents fair value adjustments considering estimated prepayments and other factors associated with changes in interest rates, plus actual run-off in the servicing portfolio. We report these adjustments separate from servicing income and servicing expense.

Other Revenue includes loan origination fees, interest income, and mortgage servicing income. Loan origination fees are earned as mortgage loans are funded. Servicing fees are earned over the life of the loan. Interest income includes interest earned on loans held for sale and interest income on bank balances and short-term investments.

Expenses

Employee Compensation and Benefits includes salaries, commissions, benefits, bonuses, other incentive compensation and related taxes for employees. Commissions expense for sales staff generally varies with loan origination volumes.

Interest Expense represents borrowing costs under warehouse and other credit facilities used primarily to fund loan originations. Amortization of deferred financing costs, including commitment fees, is included in interest expense.

Depreciation is mainly associated with furniture, fixtures and equipment. Amortization is primarily associated with a trade name and internally developed software.

Other Expenses include loan origination expenses, namely, leads, appraisals, credit reporting and licensing fees, general and administrative expenses, including office rent, insurance, legal, consulting and payroll processing expenses, and servicing expense.

The following tables present the Mortgage segment results for the following periods:

Results of Operations

(\$ in thousands)

(\$ in thousands)

(\$ in thousands)	Three Months Ended March 31,	Three Months Ended June 30,	Six Months Ended June 30,
2024			
Revenues:			
Revenues:			
Revenues:			
Net realized and unrealized gains (losses)			
Net realized and unrealized gains (losses)			
Net realized and unrealized gains (losses)			
Other revenue			
Other revenue			
Other revenue			
Total revenues			
Total revenues			
Total revenues			
Expenses:			

Expenses:
Expenses:
Employee compensation and benefits
Employee compensation and benefits
Employee compensation and benefits
Interest expense
Interest expense
Interest expense
Depreciation and amortization
Depreciation and amortization
Depreciation and amortization
Other expenses
Other expenses
Other expenses
Total expenses
Total expenses
Total expenses
Income (loss) before taxes
Income (loss) before taxes
Income (loss) before taxes
Key Performance Metrics:
Key Performance Metrics:
Key Performance Metrics:

Origination volumes
Origination volumes
Origination volumes
Gain on sale margins
Gain on sale margins
Gain on sale margins
Return on average equity
Return on average equity
Return on average equity

Non-GAAP Financial Measures ⁽¹⁾ :
Non-GAAP Financial Measures ⁽¹⁾ :
Non-GAAP Financial Measures ⁽¹⁾ :
Adjusted net income ⁽¹⁾
Adjusted net income ⁽¹⁾
Adjusted net income ⁽¹⁾
Adjusted return on average equity ⁽¹⁾
Adjusted return on average equity ⁽¹⁾
Adjusted return on average equity ⁽¹⁾

⁽¹⁾ See "—Non-GAAP Reconciliations" for a discussion of non-GAAP financial measures.

Revenues - 2024 Three and Six Months ended June 30, 2024 compared to 2023

For the three months ended March 31, 2024 June 30, 2024, \$210.4 million \$226.9 million of loans were funded, compared to \$202.8 million \$227.9 million for the prior year period, a decrease of \$1.0 million, or 0.4%, driven by the higher mortgage interest rate environment. Gain on sale margins decreased to 4.6% for the three months ended June 30, 2024, down approximately 20 basis points from 4.8% for the three months ended June 30, 2023. For the six months ended June 30, 2024, \$437.3 million of loans were funded, compared to \$430.7 million for the prior year period, an increase of \$7.6 million \$6.5 million, or 3.7% 1.5%, driven by the normalized mortgage interest rates compared to the prior year period. Gain on sale margins increased to 5.0% for the three months ended March 31, 2024, up approximately 20 basis points from remained consistent at 4.8% for the three six months ended March 31, 2023 June 30, 2024, as compared to the six months ended June 30, 2023.

Net realized and unrealized gains for the three months ended March 31, 2024 June 30, 2024 were \$10.7 million \$10.1 million, compared to \$7.1 million \$12.1 million in the prior year period, a decrease of \$2.0 million or 16.5%. Net realized and unrealized gains for the six months ended June 30, 2024 were \$20.8 million, compared to \$19.2 million in the prior year

period, an increase of \$3.6 million \$1.6 million or 50%. 8.1% The primary driver of increased gain on sale revenues was the increase in volumes and positive fair value adjustment in mortgage servicing rights of \$1.2 million \$1.4 million in 2024 compared to a negative positive fair value adjustment of \$1.4 million \$0.1 million in the prior year period.

Other revenue for the three months ended March 31, 2024 June 30, 2024 was \$5.2 million \$5.7 million, compared to \$4.5 million \$4.9 million in the prior year period, an increase of \$0.8 million, or 17% 16.7%. Other revenue for the six months ended June 30, 2024 was \$11.0 million, compared to \$9.4 million in the prior year period, an increase of \$1.6 million, or 17.0%. The increases in both periods were driven by higher loan servicing income and higher loan origination fees. As of March 31, 2024 June 30, 2024, the mortgage servicing asset was \$42.0 million \$42.1 million, an increase from \$40.8 million as of December 31, 2023.

Expenses - 2024 Three and Six Months ended June 30, 2024 compared to 2023

For the three months ended March 31, 2024 June 30, 2024, employee compensation and benefits were \$9.2 million \$9.4 million, compared to \$8.2 million \$9.7 million in the prior year period, a decrease of \$0.4 million or 3.6%, and for the six months ended June 30, 2024, employee compensation and benefits were \$18.6 million, compared to \$18.0 million in the prior year period, an increase of \$1.0 million \$0.7 million or 12% 3.7%, driven primarily by higher commissions on increased origination volumes.

For the three months ended March 31, 2024 June 30, 2024, interest expense was at \$0.7 million \$0.5 million, compared to \$0.4 million \$0.5 million in prior year period, with and for the increase six months ended June 30, 2024, interest expense was at \$1.2 million, compared to \$0.8 million in prior year period, driven by higher interest rates.

For the three months ended March 31, 2024 June 30, 2024, other expenses were \$5.1 million \$5.4 million, compared to \$5.4 million in the prior year period, and for the six months ended June 30, 2024, other expenses were \$10.5 million, compared to \$10.7 million in the prior year period, a decrease of \$0.2 million with the decrease \$0.3 million driven by a reduction of mortgage operational expenses, including marketing costs.

Income (loss) before taxes - 2024 Three and Six Months ended June 30, 2024 compared to 2023

The income before taxes for the three months ended March 31, 2024 June 30, 2024 was \$0.8 million \$0.5 million, compared to income before taxes of \$1.3 million in the prior year period. The income before taxes for the six months ended June 30, 2024 was \$1.3 million, compared to loss before taxes of \$2.6 million \$1.3 million in the prior year period. The increase was driven by higher volumes and mortgage servicing fees attributable to the larger servicing portfolio.

Tiptree Capital - Other

The following tables present a summary of Tiptree Capital - Other results for the following periods:

Results of Operations

		Three Months Ended March 31,				
		Three Months Ended March 31,				
		Three Months Ended March 31,				
		Three Months Ended June 30,				
		Three Months Ended June 30,				
		Three Months Ended June 30,				
(\$ in thousands)	(\$ in thousands)	Total revenue	Income (loss) before taxes	(\$ in thousands)	Total revenue	Income (loss) before taxes
2024						
Senior living (Invesque)						
Senior living (Invesque)						
Senior living (Invesque)						
Maritime transportation (1)						
Maritime transportation (1)						
Maritime transportation (1)						
Other						
Other						
Other						
Total						
Total						
Total						
		Six Months Ended June 30,				
		Six Months Ended June 30,				
		Six Months Ended June 30,				
(\$ in thousands)		Total revenue	Income (loss) before taxes			
2024						
Senior living (Invesque)						

Senior living (Invesque)
Senior living (Invesque)
Maritime transportation ⁽¹⁾
Maritime transportation ⁽¹⁾
Maritime transportation ⁽¹⁾
Other
Other
Other
Total
Total
Total

⁽¹⁾ Includes \$0.6 million and \$0.2 million \$1.3 million of expenses related to our Maritime transportation operations for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$1.2 million and \$1.4 million of expenses related to our Maritime transportation operations for the six months ended June 30, 2024 and 2023, respectively.

Revenues

Tiptree Capital - Other earns revenues from the following sources: net interest income, realized and unrealized gains and losses on the Company's investment holdings (including Invesque) Invesque until the sale in April 2024); and charter revenues from vessels within the Company's maritime transportation operations. Subsequent to the sale of our dry bulk and tanker vessels, operations include two smaller vessels and other ancillary assets.

Revenues for the three months ended March 31, 2024 June 30, 2024 were \$3.6 million \$0.8 million compared to \$1.6 million \$2.8 million for 2023 with the increase decrease primarily driven by the realized investments gains on securities in the Company's investment holdings partially in the first quarter of 2024. Revenues for the six months ended June 30, 2024 and 2023 were relatively flat at \$4.4 million, as realized investments gains on securities in the Company's investment holdings in the first quarter of 2024, largely offset by increased investment losses on Invesque in the three six months ended March 31, 2024, compared to the prior year period. June 30, 2024.

Income (loss) before taxes

The income before taxes from Tiptree Capital - Other for the three months ended March 31, 2024 June 30, 2024 was \$3.0 million \$0.2 million, compared to the income before taxes of \$1.4 million \$1.5 million in the prior year period. The decrease was driven by the same factors that impacted revenues. The income before taxes from Tiptree Capital - Other for the six months ended June 30, 2024 was \$3.2 million,

compared to the income before taxes of \$2.9 million in the prior year period. The increase was driven by the same factors that impacted revenues.

Adjusted net income - Non-GAAP⁽¹⁾

(\$ in thousands)

(\$ in thousands)

(\$ in thousands)	Three Months Ended		Six Months Ended
	June 30,		
	2024		
	2024		
	2024		
Maritime transportation			
Maritime transportation			
Maritime transportation			
Other			
Other			
Other			
Total			
Total			
Total			

⁽¹⁾ See "—Non-GAAP Reconciliations" for a discussion of non-GAAP financial measures.

Adjusted net income decreased to \$0.7 million remained flat at \$0.2 million for the three months ended March 31, 2024 June 30, 2024 compared to \$1.4 million \$0.2 million in 2023 and decreased to \$0.8 million for the six months ended June 30, 2024 compared to \$1.6 million in 2023. The decrease was driven by lower interest income on cash and cash equivalents and U.S. Treasury securities recorded in other income.

Corporate

The following table presents a summary of corporate results for the following periods:

Results of Operations

(\$ in thousands)
(\$ in thousands)
(\$ in thousands)

	2024	2024	2024
Employee compensation and benefits			
Employee compensation and benefits			
Employee compensation and benefits			
Employee incentive compensation expense			
Employee incentive compensation expense			
Employee incentive compensation expense			
Depreciation and amortization			
Depreciation and amortization			
Depreciation and amortization			
Other expenses			
Other expenses			
Other expenses			
Total expenses			
Total expenses			
Total expenses			

Corporate expenses include expenses of the holding company for employee compensation and benefits, interest expense, and public company and other expenses. Corporate employee compensation and benefits includes the expense of management, legal and accounting staff. Other expenses primarily consisted of audit and professional fees, insurance, office rent and other related expenses.

Employee compensation and benefits, including incentive compensation expense, were \$8.4 million \$17.2 million for the three six months ended March 31, 2024 June 30, 2024, compared to \$7.8 million \$14.6 million for the prior year period, driven by an increase in accrued bonus expense. Of the incentive compensation expense in the three six months ended March 31, 2024 June 30, 2024, \$3.1 million \$5.4 million was stock-based compensation expense, compared to \$2.3 million \$3.8 million in 2023. As of March 31, 2024 June 30, 2024 and 2023, the Company had no outstanding borrowings at the holding company and therefore incurred no interest expense for related periods. Other expenses of \$2.1 million \$4.2 million remained consistent with the prior year period.

Provision for Income Taxes

The total income tax expense of \$13.8 million \$18.7 million and \$5.0 million \$11.8 million for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, is reflected as a component of net income (loss). For the three months ended March 31, 2024 June 30, 2024 and 2023, the Company's effective tax rate was equal to 46.5% 45.9% and 61.5% 50.0%, respectively, with both significantly higher than the U.S. statutory income tax rate of 21.0%, primarily due to the impact of outside basis deferred taxes on Tiptree's investment in Fortegra.

The total income tax expense of \$32.5 million and \$16.8 million for the six months ended June 30, 2024 and 2023, respectively, is reflected as a component of net income (loss). For the three months ended June 30, 2024 and 2023, the Company's effective tax rate was equal to 46.2% and 52.9%, respectively, with both significantly higher than the U.S. statutory income tax rate of 21.0%, primarily due to the impact of outside basis deferred taxes on Tiptree's investment in Fortegra.

On April 15, 2024, the Company sold its 16.98 million shares of Invesque for \$0.6 million of proceeds resulting in a capital loss carryforward for tax purposes of approximately \$106.8 million.

Tiptree owns less than 80% of Fortegra and is required to record deferred taxes on the outside basis on its investment in Fortegra. This deferred tax liability represents the tax that would be due, before consideration of loss carryforwards, if Tiptree were to sell all of its Fortegra stock at its carrying value on Tiptree's balance sheet.

As of March 31, 2024 June 30, 2024, the deferred tax liability relating to Fortegra was \$65.6 million \$71.6 million, which was an increase of \$3.9 million \$9.9 million from the year ended December 31, 2023, of which \$0.5 million \$0.9 million benefit was recorded in OCI, and \$4.5 million \$10.8 million expense was recorded as a provision for income taxes. As of March 31, 2023 June 30, 2023, the deferred tax liability relating to Fortegra was \$44.1 million \$46.3 million, which was an increase of \$4.1 million \$6.4 million from the year ended December 31, 2022, of which \$1.8 million expense was recorded in OCI, \$1.2 million benefit was recorded directly in stockholders' equity, and \$2.3 million \$5.8 million expense was recorded as a provision for income taxes. Excluding the impact of these deferred taxes, the effective tax rates for the three six months ended March 31, 2024 June 30, 2024 and 2023 were 31.5% 30.8% and 32.9% 34.6%, respectively.

Balance Sheet Information

Tiptree's total assets were \$5,189.9 million \$5,304.7 million as of March 31, 2024 June 30, 2024, compared to \$5,139.3 million as of December 31, 2023. The \$50.6 million \$165.4 million increase in assets is primarily attributable to the growth in the Insurance segment.

Total stockholders' equity was \$598.6 million \$618.1 million as of March 31, 2024 June 30, 2024, compared to \$576.6 million as of December 31, 2023, with the increase primarily driven by comprehensive income for the three six months ended March 31, 2024 June 30, 2024. As of March 31, 2024 June 30, 2024, there were 36,781,281 36,785,305 shares of common stock outstanding as compared to 36,756,187 shares as of December 31, 2023, with the increase driven by the vesting of share-based incentive compensation.

On March 28, 2024 In March and April 2024, Tiptree, Warburg and Fortegra independent directors contributed \$30.0 million, Tiptree \$9.9 million and Warburg contributed \$29.2 million and \$9.6 million \$0.1 million, respectively, to Fortegra in exchange for common shares of Fortegra. As of March 31, 2024 June 30, 2024, Fortegra was owned approximately approximately 79.3% by Tiptree Holdings, 17.7% by Warburg and 3.0% by management and directors of Fortegra.Fortegra, before giving effect to the exercise of outstanding warrants and the conversion of outstanding preferred stock.

The following table is a summary of certain balance sheet information:

	As of March 31, 2024					As of June 30, 2024				
(\$ in thousands)										
	Insurance									
	Insurance									
	Insurance	Mortgage	Other	Corporate	Total	Insurance	Mortgage	Other	Corporate	Total
Total assets										
Corporate debt										
Corporate debt										
Corporate debt										
Asset based debt										
Tiptree Inc. stockholders' equity ⁽¹⁾										
Tiptree Inc. stockholders' equity ⁽¹⁾										
Tiptree Inc. stockholders' equity ⁽¹⁾										
<u>Non-controlling interests:</u>										
Fortegra preferred interests										
Fortegra preferred interests										
Fortegra preferred interests										
Common interests										
Total stockholders' equity										

(1) Included in Corporate equity is the deferred tax liability on the outside basis on Tiptree's investment in Fortegra of \$65.6 million \$71.6 million as of March 31, June 30, 2024.

NON-GAAP MEASURES AND RECONCILIATIONS

Non-GAAP Reconciliations

In addition to GAAP results, management uses the non-GAAP financial measures underwriting and fee revenues and underwriting and fee margin in order to better explain to investors the underwriting performance and the respective retentions between the Company and its agents and reinsurance partners. We also use the non-GAAP financial measures adjusted net income and adjusted return on average equity as measures of operating performance and as part of our resource and capital allocation process, to assess comparative returns on invested capital. Management believes these measures provide supplemental information useful to investors as they are frequently used by the financial community to analyze financial performance and to compare relative performance among comparable companies. Adjusted net income, adjusted return on average equity, underwriting and fee revenues and underwriting and fee margin are not measurements of financial performance or liquidity under GAAP and should not be considered as an alternative or substitute for earned premiums, net income or any other measure derived in accordance with GAAP.

Underwriting and Fee Revenues and Underwriting and Fee Margin — Non-GAAP (Insurance only)

Underwriting and Fee Revenues — Non-GAAP — We define underwriting and fee revenues as earned premiums, net, service and administrative fees (excluding ceding fees) and other income (excluding cash and cash equivalent interest income). We reconcile underwriting and fee revenues as total revenues excluding net investment income, net realized gains (losses) and net unrealized gains (losses), ceding fees, ceding commissions and cash and cash equivalent interest income as reported in other income. Underwriting and fee revenues represents revenues generated by our underwriting and fee-based operations and allows us to evaluate our underwriting performance without regard to investment income. We use this metric as we believe it gives our management and other users of our financial information useful insight into our underlying business performance. Underwriting and fee revenues should not be viewed as a substitute for total revenues calculated in accordance with GAAP, and other companies may define underwriting and fee revenues differently.

(\$ in thousands)

(\$ in thousands)

(\$ in thousands)	Three Months Ended		Six Months Ended
	June 30,		June 30,
	2024		
	2024		
	2024		
Total revenues			
Total revenues			
Total revenues			
Less: Net investment income			
Less: Net investment income			
Less: Net investment income			
Less: Net realized and unrealized gains (losses)			
Less: Net realized and unrealized gains (losses)			
Less: Net realized and unrealized gains (losses)			
Less: Ceding fees ⁽¹⁾			
Less: Ceding fees ⁽¹⁾			
Less: Ceding fees ⁽¹⁾			
Less: Ceding commissions			
Less: Ceding commissions			
Less: Ceding commissions			
Less: Cash and cash equivalent interest income ⁽²⁾			
Less: Cash and cash equivalent interest income ⁽²⁾			
Less: Cash and cash equivalent interest income ⁽²⁾			
Underwriting and fee revenues ⁽³⁾			
Underwriting and fee revenues ⁽³⁾			
Underwriting and fee revenues ⁽³⁾			

(1) Ceding fees were included in service and administrative fees on the statement of operations.

(2) Cash and cash equivalent interest income was included in other revenue on the statement of operations.

(3) Underwriting and fee revenues exclude ceding fees, ceding commissions and cash and cash equivalent interest income from other revenue. The three and six months ended March 31, 2023 June 30, 2023 has been conformed to this presentation resulting in a reduction of underwriting and fee revenues of \$17.7 million, and \$35.4 million, respectively. This change only impacted the underwriting and fee revenues metric and did not impact the Company's condensed consolidated financial statements.

Underwriting and Fee Margin — Non-GAAP — We define underwriting and fee margin as income before taxes, excluding net investment income, net realized gains (losses), net unrealized gains (losses), cash and cash equivalent interest income, employee compensation and benefits, other expenses, interest expense and depreciation and amortization. Underwriting and fee margin represents the underwriting performance of our underwriting and fee-based programs. As such, underwriting and fee margin excludes general administrative expenses, interest expense, depreciation and amortization and other corporate expenses as those expenses support the vertically integrated business model and not any individual component of our business mix. We use this metric as we believe it gives our management and other users of our financial information useful insight into the specific performance of our underlying underwriting and fee programs. Underwriting and fee income should not be viewed as a substitute for income before taxes calculated in accordance with GAAP, and other companies may define underwriting and fee margin differently.

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(\$ in thousands)

(\$ in thousands)

(\$ in thousands)	Three Months Ended		Three Months Ended	Six Months Ended
	March 31,		June 30,	June 30,
	2024			
Income (loss) before income taxes				
Income (loss) before income taxes				
Income (loss) before income taxes				

Less: Net investment income
Less: Net investment income
Less: Net investment income
Less: Net realized and unrealized gains (losses)
Less: Net realized and unrealized gains (losses)
Less: Net realized and unrealized gains (losses)
Less: Cash and cash equivalent interest income ⁽¹⁾
Less: Cash and cash equivalent interest income ⁽¹⁾
Less: Cash and cash equivalent interest income ⁽¹⁾
Plus: Depreciation and amortization
Plus: Depreciation and amortization
Plus: Depreciation and amortization
Plus: Interest expense
Plus: Interest expense
Plus: Interest expense
Plus: Employee compensation and benefits
Plus: Employee compensation and benefits
Plus: Employee compensation and benefits
Plus: Other expenses
Plus: Other expenses
Plus: Other expenses
Underwriting and fee margin ⁽²⁾
Underwriting and fee margin ⁽²⁾
Underwriting and fee margin ⁽²⁾

(1) Cash and cash equivalent interest income was included in other revenue on the statement of operations.
(2) Underwriting and fee margin exclude cash and cash equivalent interest income. The three and six months ended March 31, 2023 June 30, 2023 has been conformed to this presentation resulting in a reduction of underwriting and fee margin of \$2.2 million, \$2.0 million, and \$4.2 million, respectively. This change only impacted the underwriting and fee margin metric and did not impact the Company's condensed consolidated financial statements.

Adjusted Net Income — Non-GAAP

We define adjusted net income as income before taxes, less provision (benefit) for income taxes, and excluding the after-tax impact of various expenses that we consider to be unique and non-recurring in nature, including merger and acquisition related expenses, stock-based compensation, net realized and unrealized gains (losses) and intangibles amortization associated with purchase accounting, all of which is reduced for non-controlling interests. The calculation of adjusted net income excludes net realized and unrealized gains (losses) that relate to investments or assets rather than business operations. Adjusted net income should not be viewed as a substitute for income before taxes calculated in accordance with GAAP, and other companies may define adjusted net income differently. Adjusted net income (before NCI) is presented before the impacts of non-controlling interests.

We present adjustments for amortization associated with acquired intangible assets. The intangible assets were recorded as part of purchase accounting in connection with Tiptree's acquisition of Fortegra Financial in 2014, and additional services businesses from 2019 to 2023. The intangible assets acquired contribute to overall revenue generation, and the respective purchase accounting adjustments will continue to occur in future periods until such intangible assets are fully amortized in accordance with the respective amortization periods required by GAAP.

Adjusted Return on Average Equity — Non-GAAP

We define adjusted return on average equity as adjusted net income expressed on an annualized basis as a percentage of average beginning and ending stockholders' equity during the period. See "—Adjusted Net Income—Non-GAAP" above. Adjusted return on average equity should not be viewed as a substitute for return on average equity calculated in accordance with GAAP, and other companies may define adjusted return on average equity differently.

Three Months Ended March 31, 2024
Three Months Ended March 31, 2024
Three Months Ended March 31, 2024

Average stockholders' equity						
Adjusted return on average equity ⁽⁷⁾	Adjusted return on average equity ⁽⁷⁾	30.3 %	1.4 %	1.1 %	NM%	21.6 %
Adjusted return on average equity ⁽⁷⁾						
Adjusted return on average equity ⁽⁷⁾						
Three Months Ended June 30, 2023						
(\$ in thousands)	Tiptree Capital					
	Insurance	Mortgage	Other	Corporate	Total	
Income (loss) before taxes	\$ 30,417	\$ 1,312	\$ 1,455	\$ (9,510)	\$ 23,674	
Less: Income tax (benefit) expense	(8,928)	(306)	(497)	(2,093)	(11,824)	
Less: Net realized and unrealized gains (losses) ⁽¹⁾	4,379	(1,588)	(1,063)	—	1,728	
Plus: Intangibles amortization ⁽²⁾	3,895	—	—	—	3,895	
Plus: Stock-based compensation expense	488	—	—	1,504	1,992	
Plus: Non-recurring expenses ⁽³⁾	238	—	—	—	238	
Plus: Non-cash fair value adjustments ⁽⁴⁾	(46)	—	—	—	(46)	
Plus: Impact of tax deconsolidation of Fortegra ⁽⁵⁾	—	—	—	3,500	3,500	
Less: Tax on adjustments ⁽⁶⁾	(324)	373	324	274	647	
Adjusted net income (before NCI)	\$ 30,119	\$ (209)	\$ 219	\$ (6,325)	\$ 23,804	
Less: Impact of non-controlling interests	(6,174)	—	—	—	(6,174)	
Adjusted net income	\$ 23,945	\$ (209)	\$ 219	\$ (6,325)	17,630	
Adjusted net income (before NCI)	\$ 30,119	\$ (209)	\$ 219	\$ (6,325)	\$ 23,804	
Average stockholders' equity	\$ 371,843	\$ 53,297	\$ 150,672	\$ (31,999)	\$ 543,813	
Adjusted return on average equity ⁽⁷⁾	32.4 %	(1.6)%	0.6 %	NM%	17.5 %	

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Six Months Ended June 30, 2024					
(\$ in thousands)	Tiptree Capital				
	Insurance	Mortgage	Other	Corporate	Total
Income (loss) before taxes	\$ 88,061	\$ 1,281	\$ 3,205	\$ (22,202)	\$ 70,345
Less: Income tax (benefit) expense	(23,490)	(276)	(808)	(7,917)	(32,491)
Less: Net realized and unrealized gains (losses) ⁽¹⁾	(5,364)	(1,449)	(2,038)	—	(8,851)
Plus: Intangibles amortization ⁽²⁾	7,698	—	—	—	7,698
Plus: Stock-based compensation expense	1,804	—	—	5,428	7,232
Plus: Non-recurring expenses ⁽³⁾	3,336	—	—	—	3,336
Plus: Non-cash fair value adjustments ⁽⁴⁾	5,072	—	—	—	5,072
Plus: Impact of tax deconsolidation of Fortegra ⁽⁵⁾	—	—	—	10,822	10,822
Less: Tax on adjustments ⁽⁶⁾	(2,668)	316	469	(892)	(2,775)
Adjusted net income (before NCI)	\$ 74,449	\$ (128)	\$ 828	\$ (14,761)	\$ 60,388
Less: Impact of non-controlling interests	(15,433)	—	—	—	(15,433)
Adjusted net income	\$ 59,016	\$ (128)	\$ 828	\$ (14,761)	\$ 44,955
Adjusted net income (before NCI)	\$ 74,449	\$ (128)	\$ 828	\$ (14,761)	\$ 60,388
Average stockholders' equity	\$ 500,903	\$ 52,798	\$ 94,500	\$ (50,884)	\$ 597,317
Adjusted return on average equity ⁽⁷⁾	29.7 %	(0.5)%	1.8 %	NM%	20.2 %

Three Months Ended March
31, 2023

	Three Months Ended March 31, 2023
	Three Months Ended March 31, 2023
	Six Months Ended June 30, 2023
	Six Months Ended June 30, 2023
	Six Months Ended June 30, 2023

(\$ in thousands)

	Insurance											
	Insurance											
	Insurance	Mortgage	Other	Corporate	Total		Mortgage	Other		Corporate		Total
Income (loss) before taxes												
Less: Income tax (benefit) expense												
Less: Net realized and unrealized gains (losses) ⁽¹⁾												
Plus: Intangibles amortization ⁽²⁾												
Plus: Stock-based compensation expense												
Plus: Non-recurring expenses ⁽³⁾												
Plus: Non-cash fair value adjustments ⁽⁴⁾												
Plus: Impact of tax deconsolidation of Fortegra ⁽⁵⁾												
Less: Tax on adjustments ⁽⁶⁾												
Adjusted net income (before NCI)												
Less: Impact of non-controlling interests												
Adjusted net income												
Adjusted net income (before NCI)												
Adjusted net income (before NCI)												
Adjusted net income (before NCI)												
Average stockholders' equity												
Adjusted return on average equity ⁽⁷⁾	Adjusted return on average equity ⁽⁷⁾	26.1 %	(6.3) %	4.9 %	NM%	12.9 %	Adjusted return on average equity ⁽⁷⁾	29.6 %	(3.9) %	2.9 %	NM%	15.2 %

⁽¹⁾ Net realized and unrealized gains (losses) added back in Adjusted net income excludes net realized and unrealized gains (losses) from the mortgage segment and unrealized gains (losses) on mortgage servicing rights.

⁽²⁾ Specifically associated with acquisition purchase accounting. See Note (8) Goodwill and Intangible Assets, net.

⁽³⁾ For the three and six months ended March 31, 2024 June 30, 2024 and 2023, included in other expenses were expenses related to legal and other expenses associated with preparation of the registration statement for the withdrawn Fortegra initial public offering in 2024 and acquisitions of services businesses in 2023, respectively.

⁽⁴⁾ For the three and six months ended March 31, 2024 June 30, 2024 and 2023, non-cash fair-value adjustments represent a change in fair value of the Fortegra Additional Warrant liability.

⁽⁵⁾ For the three and six months ended March 31, 2024 June 30, 2024 and 2023, included in the adjustment is an add-back of \$4.5 million \$6.4 million and \$2.3 million \$10.8 million, respectively, and \$3.5 million and \$5.8 million, respectively, related to deferred tax expense from the WP Transaction.

⁽⁶⁾ Tax on adjustments represents the tax applied to the total non-GAAP adjustments and includes adjustments for non-recurring or discrete tax impacts.

⁽⁷⁾ Total Adjusted return on average equity after non-controlling interests was 19.5% 22.7% and 12.6% 17.6% for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, based on \$20.5 million \$24.4 million and \$12.6 million \$17.6 million of Adjusted net income over \$420.8 million \$430.6 million and \$399.0 million \$401.3 million of average Tiptree Inc. stockholders' equity. Total Adjusted return on average equity after non-controlling interests was 21.1% and 15.1% for the six months ended June 30, 2024 and 2023, respectively, based on \$45.0 million and \$30.2 million of Adjusted net income over \$426.7 million and \$399.6 million of average Tiptree Inc. stockholders' equity.

Book Value per share - Non-GAAP

Management believes the use of this financial measure provides supplemental information useful to investors as book value is frequently used by the financial community to analyze company growth on a relative per share basis. The following table provides a reconciliation between total stockholders' equity and total shares outstanding, net of treasury shares.

62 71

(\$ in thousands, except per share information)

(\$ in thousands, except per share information)

(\$ in thousands, except per share information)

	As of March 31,	As of June 30,
2024		
Total stockholders' equity		
Total stockholders' equity		
Total stockholders' equity		
Less: Non-controlling interests		
Less: Non-controlling interests		
Less: Non-controlling interests		
Total stockholders' equity, net of non-controlling interests		
Total stockholders' equity, net of non-controlling interests		
Total stockholders' equity, net of non-controlling interests		
Total common shares outstanding		
Total common shares outstanding		
Total common shares outstanding		
Book value per share		
Book value per share		
Book value per share		

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are unrestricted cash, cash equivalents and other liquid investments and distributions from operating subsidiaries, including income from our investment portfolio and sales of assets and investments. We intend to use our cash resources to continue to fund our operations and grow our businesses. We may seek additional sources of cash to fund acquisitions or investments. These additional sources of cash may take the form of debt or equity and may be at the parent, subsidiary or asset level. We are a holding company, and our liquidity needs are primarily for compensation, professional fees, office rent and insurance costs.

Our subsidiaries' ability to generate sufficient net income and cash flows to make cash distributions will be subject to numerous business and other factors, including restrictions contained in agreements for the strategic investment by Warburg in Fortegra, our subsidiaries' financing agreements, regulatory restrictions, availability of sufficient funds at such subsidiaries, general economic and business conditions, tax considerations, strategic plans, financial results and other factors such as target capital ratios and ratio levels anticipated by rating agencies to maintain or improve current ratings. We expect our cash and cash equivalents and distributions from operating subsidiaries, our subsidiaries' access to financing, and sales of investments to be adequate to fund our operations for at least the next 12 months, as well as the long term.

As of March 31, 2024 June 30, 2024, cash and cash equivalents, excluding restricted cash, were \$474.6 million \$497.3 million, compared to \$468.7 million at as of December 31, 2023, an increase of \$5.8 million \$28.6 million, primarily driven by an decrease in investments. cash flow from operating activities at our insurance business.

Our insurance business uses borrowings to fund long-term growth and for operational working capital purposes. As of March 31, 2024 June 30, 2024 and December 31, 2023, a total of \$129.0 million \$100.5 million and \$130.0 million, respectively, was outstanding under the revolving line of credit in our insurance business. The maximum borrowing capacity under the agreements as of March 31, 2024 June 30, 2024 and 2023 was \$200.0 million.

Our mortgage business relies on short term uncommitted sources of financing as a part of their normal course of operations. To date, we have been able to obtain and renew uncommitted warehouse credit facilities. If we were not able to obtain financing, then we may need to draw on other sources of liquidity to fund our mortgage business. See Note (10) Debt, net in the notes to our condensed consolidated financial statements for additional information regarding our insurance and mortgage borrowings.

We believe that cash flow from operations will provide sufficient capital to continue to grow the business and fund interest on the outstanding debt, capital expenditures and other general corporate needs over the next several years. As we continue to expand our business, including by any acquisitions we may make, we may, in the future, require additional working capital for increased costs.

Consolidated Comparison of Cash Flows

(\$ in thousands)

(\$ in thousands)

(\$ in thousands)		
	Three Months Ended March 31,	Six Months Ended June 30,
	2024	
Cash and cash equivalents provided by (used in):		
Cash and cash equivalents provided by (used in):		
Cash and cash equivalents provided by (used in):		
Operating activities		
Operating activities		
Operating activities		
Investing activities		
Investing activities		
Investing activities		
Financing activities		
Financing activities		
Financing activities		
Effect of exchange rate changes on cash		
Effect of exchange rate changes on cash		
Effect of exchange rate changes on cash		
	63	72

(\$ in thousands)

(\$ in thousands)

(\$ in thousands)		
	Three Months Ended March 31,	Six Months Ended June 30,
	2024	
Change in cash, cash equivalents and restricted cash		
Change in cash, cash equivalents and restricted cash		
Change in cash, cash equivalents and restricted cash		
Operating Activities		

Cash provided by operating activities was \$62.7 million was \$109.6 million for the three six months ended March 31, 2024 June 30, 2024. In 2024, the primary sources of cash from operating activities included growth in insurance premiums written resulting in increases in policy liabilities and unpaid claims which were partially offset by increases in notes and accounts receivable and other liabilities prepaid reinsurance premiums and accrued expenses decreases in reinsurance payables and a decrease in unearned premiums.

Cash provided by operating activities was \$43.0 million \$36.4 million for the three six months ended March 31, 2023 June 30, 2023. In 2023, the primary sources of cash from operating activities included growth in insurance premiums written premiums resulting in increases in deferred revenues, unearned premiums, policy liabilities and unpaid claims, deferred revenues reinsurance payables and reinsurance payables, other liabilities and accrued expenses which were partially offset by increases in deferred acquisition costs, notes and accounts receivable and reinsurance recoverable and prepaid reinsurance premiums. receivables.

Investing Activities

Cash provided by investing activities was \$40.5 million \$18.6 million for the three six months ended March 31, 2024 June 30, 2024. In 2024, the primary source of cash was proceeds from the sale of investments outpacing purchases, purchases, partially offset by the issuance of notes receivable exceeding proceeds from notes receivable.

Cash used in investing activities was \$247.5 million \$272.6 million for the three six months ended March 31, 2023 June 30, 2023. In 2023, the primary uses of cash were the purchases of investments outpacing the proceeds from the sale of investments, as well as the acquisition of Premia.

Financing Activities

Cash provided by used in financing activities was \$8.0 million \$14.9 million for the three six months ended March 31, 2024 June 30, 2024. In 2024, the cash provided used was primarily proceeds from repayments of corporate borrowings at Fortegra and mortgage warehouse facilities, which exceeded repayments, and a non-controlling interest contribution to Fortegra, partially offset by the payment of common and preferred dividends, dividends, partially offset by a non-controlling interest contribution to Fortegra.

Cash provided by financing activities was \$78.3 million \$80.9 million for the three six months ended March 31, 2023 June 30, 2023. In 2023, the cash provided was primarily proceeds from corporate borrowings and mortgage warehouse facilities which exceeded repayments, partially offset by non-controlling interests distributions and the payment of dividends.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our financial statements in accordance with U.S. GAAP, which requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. Actual results could differ materially from those estimates. There have been no material changes to the critical accounting policies and estimates as discussed in Part II, Item 7A in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Recently Adopted and Issued Accounting Standards

For a discussion of recently adopted and issued accounting standards, see the section “Recent Accounting Standards” in Note (2) Summary of Significant Accounting Policies of the notes to the accompanying condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 described our Quantitative and Qualitative Disclosures About Market Risk. There were no material changes to the assumptions or risks during the three six months ended March 31, 2024 June 30, 2024.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this report. The Company's disclosure controls and procedures are designed to provide reasonable assurance that material information is recorded, processed, summarized and reported accurately and on a timely basis. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Our legal proceedings are discussed under the heading “Litigation” in Note (20) Commitments and Contingencies in the Notes to the condensed consolidated financial statements in this report.

Item 1A. Risk Factors

For information regarding factors that could affect our Company, results of operations and financial condition, see the risk factors discussed under Part I, Item 1A in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. There have been no material changes in those risk factors.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Share repurchase activity for three months ended March 31, 2024 June 30, 2024 was as follows:

Period	Purchaser	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value (\$ in thousands of Shares That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾)
January April 1, 2024 to January 31, 2024 April 30, 2024	Tiptree Inc.	—	\$ —	—	—
February May 1, 2024 to February 29, 2024 May 31, 2024	Tiptree Inc.	—	\$ —	—	—
March June 1, 2024 to March 31, 2024 June 30, 2024	Tiptree Inc.	—	\$ —	—	—
	Total	—	\$ —	—	\$ 11,945

(1) On November 2, 2020, the Board of Directors of Tiptree authorized Tiptree's Executive Committee to repurchase up to \$20 million of its outstanding common stock in the aggregate from time to time.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits, Financial Statement Schedules

The following documents are filed as a part of this Form 10-Q:

Financial Statements (Unaudited):

Condensed Consolidated Balance Sheets as of March 31, 2024 June 30, 2024 and December 31, 2023	F- 3
Condensed Consolidated Statements of Operations for the three and six months ended March 31, 2024 June 30, 2024 and 2023	F- 4 3
Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended March 31, 2024 June 30, 2024 and 2023	F- 5
Condensed Consolidated Statements of Changes in Stockholders' Equity for the periods ended March 31, 2024 June 30, 2024 and 2023	F- 6
Condensed Consolidated Statements of Cash Flows for the three six months ended March 31, 2024 June 30, 2024 and 2023	F- 7 8
Notes to Condensed Consolidated Financial Statements	F- 8 9

Exhibits:

The Exhibits listed in the Index of Exhibits, which appears immediately following the signature page, is incorporated herein by reference and is filed as part of this Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Tiptree Inc. has duly caused this report to be signed on its behalf by the undersigned, there unto duly authorized.

Date: May 1, July 31, 2024

Date: May 1, July 31, 2024

Date: May 1, July 31, 2024

Tiptree Inc.

By:/s/ Michael Barnes
Michael Barnes
Executive Chairman

By:/s/ Jonathan Ilany
Jonathan Ilany
Chief Executive Officer

By:/s/ Scott McKinney
Scott McKinney
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
31.1	Certification of Executive Chairman pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.3	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Executive Chairman pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.3	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
104	Cover page from Tiptree's Form 10-Q for the quarter ended March 31, 2024 June 30, 2024 formatted in iXBRL (included in Exhibit 101).

* Attached as Exhibit 101 to this Quarterly Report on Form 10-Q are the following materials, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets as of **March 31, 2024** **June 30, 2024** and December 31, 2023, (ii) the Condensed Consolidated Statements of Operations for the three and six months ended **March 31, 2024** **June 30, 2024** and 2023, (iii) the Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended **March 31, 2024** **June 30, 2024** and 2023, (iv) the Condensed Consolidated Statements of Changes in Stockholders' Equity for the **three months periods** ended **March 31, 2024** **June 30, 2024** and 2023, (v) the Condensed Consolidated Statements of Cash Flows for the **three six months** ended **March 31, 2024** **June 30, 2024** and 2023 and (vi) the Notes to the Condensed Consolidated Financial Statements.

** Denotes a management contract or compensatory plan, contract or arrangement.

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EXHIBIT 31.1

CERTIFICATIONS

I, Michael Barnes, certify that:

- I have reviewed this Quarterly Report on Form 10-Q of Tiptree Inc.;
- Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, July 31, 2024

/s/ Michael Barnes

Michael Barnes

Executive Chairman

n>

EXHIBIT 31.2

CERTIFICATIONS

I, Jonathan Ilany, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tiptree Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, July 31, 2024

/s/ Jonathan Ilany

Jonathan Ilany

Chief Executive Officer

EXHIBIT 31.3

CERTIFICATIONS

I, Scott McKinney, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tiptree Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **May 1, July 31, 2024**

/s/ Scott McKinney

Scott McKinney
Chief Financial Officer

EXHIBIT 32.1

**Certification Pursuant to Section 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Tiptree Inc. (the "Company") on Form 10-Q for the quarter ended **March 31, 2024 June 30, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Barnes, the Executive Chairman of the Company, certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that;

- (i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael Barnes

Michael Barnes
Executive Chairman

Date: **May 1, 2024 July 31, 2024**

EXHIBIT 32.2

**Certification Pursuant to Section 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Tiptree Inc. (the "Company") on Form 10-Q for the quarter ended **March 31, 2024 June 30, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan Ilany, the Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that;

- (i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jonathan Ilany

Jonathan Ilany
Chief Executive Officer

Date: **May 1, 2024 July 31, 2024**

EXHIBIT 32.3

**Certification Pursuant to Section 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Tiptree Inc. (the "Company") on Form 10-Q for the quarter ended **March 31, 2024 June 30, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott McKinney, the Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that;

- (i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Scott McKinney

Scott McKinney

Chief Financial Officer

Date: May 1, 2024 July 31, 2024

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