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DELTA REPORT

10-K

CNFR - CONIFER HOLDINGS, INC.

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	11795
CHANGES	372
DELETIONS	1378
ADDITIONS	10045

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2022 2023

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 001-37536

Conifer Holdings, Inc.

(Exact name of registrant as specified in its charter)

Michigan	**27-1298795**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3001 West Big Beaver Road, Suite 200	
Troy, Michigan	**48084**
(Address of principal executive offices)	(Zip code)

(248) 559-0840

(Registrant's telephone number, including area code)

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, no par value	CNFR	The Nasdaq Stock Market LLC
9.75% Senior Notes due 2028	CNFRZ	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 ☐

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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, 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.

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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant’s Common Stock held by non-affiliates at June 30, 2022 June 30, 2023 was approximately $5.3 5.4 million, based on the Nasdaq closing price for such shares on that date. The registrant has no non-voting common equity.

The number of outstanding shares of the registrant’s common stock, no par value, as of March 27, 2023 March 28, 2024, was 12,215,849 12,222,881.

Documents Incorporated by Reference

Portions of the registrant’s Definitive Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the registrant’s 2024 Annual Meeting of Stockholders, to be filed subsequent to the date hereof, are incorporated by reference into Part III of this report. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days after the conclusion of the registrant’s fiscal year ended December 31, 2023.

CONIFER HOLDINGS, INC. AND SUBSIDIARIES

Form 10-K

INDEX

Page No.

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Part I		
Item 1.	Business	3
Item 1A.	Risk Factors	15 14
Item 1B.	Unresolved Staff Comments	31 32
Item 1C.	Cybersecurity	32
Item 2.	Properties	31 32
Item 3.	Legal Proceedings	31 32
Item 4.	Mine Safety Disclosures	31 32
Part II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	32 33
Item 6.	Selected Consolidated Financial Data [Reserved]	33 34
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	36 35
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	59 55
Item 8.	Financial Statements and Supplementary Data	60 56
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	60 56
Item 9A.	Controls and Procedures	60 56
Item 9B.	Other Information	61 57
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	57
Part III		
Items 10-14.		62 58
Part IV		
Item 15.	Exhibits and Financial Statement Schedules	63 59
Item 16.	Form 10-K Summary	109
Signatures		114 110

CONIFER HOLDINGS, INC. AND SUBSIDIARIES

PART I

Forward-Looking Statements

Certain statements contained in this Annual Report on Form 10-K, which are not statements of historical fact, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, as Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements give current expectations or forecasts of future events or our future financial or operating performance. Words such as "anticipate," "believe," "estimate," "expect," "will," "intend," "may," "plan," "seek" and similar terms and phrases, or the negative thereof, may be used to identify forward-looking statements.

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The forward-looking statements contained in this report are based on management's good-faith belief and reasonable judgment based on current information. The forward-looking statements are qualified by important factors, risks and uncertainties, many of which are beyond our control, which could cause our actual results to differ materially from those in the forward-looking statements, including those described above in Item 1A Risk Factors and subsequent reports filed with or furnished to the SEC. Any forward-looking statement made by us in this report speaks only as of the date hereof or as of the date specified herein. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable laws or regulations.

ITEM 1. BUSINESS

Legal Organization

Conifer Holdings, Inc. (Nasdaq: CNFR) is a Michigan-domiciled insurance holding company formed in 2009. Our principal executive offices are located at 3001 West Big Beaver Road, Suite 200, Troy, MI 48084 (telephone number: (248) 559-0840). Our corporate website address is www.cnfrh.com.

As used in this Form 10-K, references to "Conifer," "Conifer Holdings," "the Company," "our Company," "we," "us," and "our" refer to Conifer Holdings, Inc., a Michigan corporation, and its wholly owned subsidiaries Conifer Insurance Company ("CIC"), White Pine Insurance Company ("WPIC"), Red Cedar Insurance Company ("RCIC"), White Pine Conifer Insurance Company ("WPIC" Services ("CIS"), formerly known as Sycamore Insurance Agency, Inc. ("Sycamore" ("Sycamore"), and, as of October 13, 2022, VSRM, Inc. ("VSRM"). CIC, RCIC WPIC and WPIC RCIC are collectively referred to as the "Insurance Company Subsidiaries." On a stand-alone basis Conifer Holdings, Inc. is referred to as the "Parent Company." VSRM owns a 50% non-controlling interest in Sycamore Specialty Underwriters, LLC ("SSU" or "Affiliate").

Business Overview

The Historically, the Company is has engaged in the sale of property and casualty insurance products and has organized its business model around three classes of insurance businesses: commercial lines, personal lines, and wholesale agency business. Within these three businesses, the Company offers various insurance products and insurance agency services.

Through our Insurance Company Subsidiaries, we offer insurance coverage in specialty commercial and specialty personal product lines. Currently, we are authorized to write insurance as an excess and surplus lines ("E&S") carrier in 45 states including the District of Columbia. We are also licensed to write insurance as an admitted carrier in 42 states, including the District of Columbia, and we offer our insurance products in all 50 states.

Our revenues are primarily derived from premiums earned from our insurance operations. We also generate other revenues through investment income and other income which mainly consists of: installment fees and policy issuance fees generally related to the policies we write. Prior to June 30, 2021, we also generated commission and fee revenue in our wholesale agency business from third-party insurers.

Many of our products are targeted to traditionally profitable classes of policyholders that we believe are under-served by other insurers. We market and sell these insurance products through a network of over 4,900 4,400 independent agents that

distribute our policies through approximately 940 950 sales offices. We are focused on growing our business in non-commoditized property and casualty insurance markets, while maintaining underwriting discipline and a conservative investment strategy.

We have substantial expertise in serving the unique commercial insurance needs of owner-operated businesses in the following markets:

- Hospitality, such as restaurants, bars, taverns, and bowling centers (that require, among other lines, liquor liability insurance), as well as small grocery and convenience stores;
- Artisan contractors, such as plumbers, painters, carpenters, electricians and other independent contractors; and

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- Security service providers, such as companies that provide security guard services, security alarm products and services, and private investigati services.

In our commercial lines business, we seek to differentiate ourselves and provide value to small business owner-operators by bundling different insurance products that meet a significant portion of their insurance needs. For example, in the hospitality market we offer property, casualty, and liquor liability, as well as, in some jurisdictions, workers' compensation coverage. The breadth of our specialty commercial insurance products enables our agents and their small business clients to

avoid the administrative costs and time required to seek coverage for each of these items from separate insurers. As such, we compete for commercial lines business based on our flexible product offerings and customer service, rather than on pricing alone. Of the commercial lines policies that were in-force on December 31, 2022 December 31, 2023, the average premium amount of an individual policy was $6,700. $6,900.

We also have substantial expertise in providing specialty homeowners insurance products to targeted customers that are often under-served by other homeowners' insurance carriers. Our personal lines products primarily include low-value dwelling insurance tailored for owners of lower valued homes, which we currently offer in Illinois, Indiana, Louisiana and Texas.

In our personal lines business, we largely target homeowners in need of dwelling insurance that is currently under-served by the insurance market, due to the modest value of their homes or the exposure to natural catastrophes in their geographic area. Because these homeowners are under-served, this portion of the market is typically subject to less pricing pressure from larger nationwide insurers that offer a more commoditized product. We believe our underwriting expertise enables us to compete effectively in these markets by evaluating and appropriately pricing risk. In addition, we believe our willingness to meet these under-served segments of the personal lines insurance market fosters deeper relationships with, and increased loyalty from, the agents who distribute our products. Of the personal lines policies that were in-force on December 31, 2022 December 31, 2023, the average premium amount of an individual policy was $1,200. $1,500.

Overall, we structure the multi-line distribution of our premium between commercial and personal lines to better diversify our business and mitigate the potential cyclical nature of either market. In serving these markets, we write business on both an admitted and excess and surplus lines ("E&S") basis. As of December 31, 2022 December 31, 2023, approximately 48.0% of our gross written premiums were admitted, and approximately 52.0% were E&S. Insurance companies writing on an admitted basis are licensed by the states in which they sell policies and are required to offer policies using premium rates and forms that are typically filed with and approved by the state insurance regulators. Carriers writing in the E&S market are not bound by most of the rate and form regulations imposed on standard market (admitted) companies, allowing them the flexibility to change the coverage offered and the rate charged without the time constraints and financial costs associated with the filing and approval process subject to admitted business. Our corporate structure allows us to offer both admitted and E&S products in select markets through either CIC or WPIC. Our experience with specialty insurance products enables us to react to new market opportunities and underwrite multiple specialty lines.

The wholesale agency business provides non-risk bearing revenue through commissions and policy fees. The wholesale agency business increases the has provided more product options to the Company's independent retail agents by offering both insurance products from the Insurance Company Subsidiaries as well as products offered by other insurers. The

Strategic Shift to Non Risk-Bearing Revenue

Historically, our wholesale agency segment produced only a small portion of our gross written premiums. Beginning in 2024, our wholesale agency segment is being converted into a full managing general agency ("MGA") and is expected to produce almost 100% of the Company's gross written premiums. More importantly, as a result of the Insurance Company Subsidiaries lacking sufficient capital to continue to underwrite the volume of

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business was sold they have historically written, we plan to utilize third-party insurers and rely mostly on commission revenues in our 50%-owned affiliate, Venture Agency Holdings, Inc. (“Affiliate”) on June 30, 2021. As MGA, CIS. Substantially all of that date, the Company's commercial lines business will be directly written by third-party insurers with A.M. Best ratings of A- or better by the end of the second quarter of 2024. We expect to continue to underwrite the low-value homeowners business written in Texas and the Midwest, however, we will be non-renewing all homeowners business written in Oklahoma by the end of the second half of 2024.

Utilizing third-party insurers as underwriters of our MGA-produced business will provide a much broader reach for our existing profitable programs and we expect this business was no longer consolidated to result in the Company’s financial statements. production of substantially more premium volume for the agency segment generating more commission revenue. This shift will significantly reduce revenues from earned premiums in the near term and investment income, over time, for the Insurance Company Subsidiaries. Cash from operating activities will shift from premiums and investment income to revenues from commissions. Over time, cash from operating activities will be reduced as losses are paid on existing loss reserves which will be offset by cash flows increasing from investing activities as we sell investments to fund the loss payments. We believe this strategic shift is the best path forward to profitability for the Company.

Geographic Diversity and Mix of Business

Over the past several years, we have increased our focus on specific core commercial lines of business. We have shifted our focus to low-value dwelling lines of business in order to bring personal lines premium levels back up and to maintain a strategic balance of commercial and personal lines of business.

While we pursue top line premium growth, we do not do so at the expense of losing underwriting discipline. Our underwriters have the experience and institutional flexibility to recognize when to exit certain products in favor of more profitable opportunities as insurance market conditions dictate. The following tables summarize our gross written premiums by segment and state for the years indicated therein (dollars in thousands):

	Gross Written Premium by Segment						Gross Written Premium by Segment			
	2022	%	2021	%	2020	%	2023	%	2022	%
Commercial	$ 86,811	85%	$ 75,907	89%	$ 102,632	92%	$ 107,078	74%	$ 116,868	85%
Personal	15,151	15%	9,020	11%	8,257	8%	36,756	26%	21,151	15%
Total	$ 101,962	100%	$ 84,927	100%	$ 110,889	100%	$ 143,834	100%	$ 138,019	100%

	Gross Written Premiums by State			
	2023	%	2022	%
Michigan	$ 34,996	24.3%	$ 33,739	24.5%
Texas	21,783	15.1%	14,236	10.3%
Oklahoma	17,972	12.5%	11,882	8.6%
California	11,479	8.0%	12,967	9.4%

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New York		9,269	6.4%		10,622	7.7%
Florida		7,632	5.3%		13,705	9.9%
Ohio		4,996	3.5%		4,378	3.2%
Pennsylvania		4,314	3.0%		4,499	3.3%
Illinois		3,839	2.7%		2,644	1.9%
Indiana		3,422	2.4%		3,232	2.3%
Colorado		2,723	1.9%		3,010	2.2%
All Other States		21,409	14.9%		23,105	16.7%
Total	$	143,834	100.0%	$	138,019	100.0%

	Gross Written Premiums by State					
	2022	%	2021	%	2020	%
Michigan	$ 33,739	24.5%	$ 29,314	22.2%	$ 23,304	20.9%
Texas	14,236	10.3%	12,062	9.1%	10,243	9.2%
Florida	13,705	9.9%	13,727	10.4%	13,573	12.2%
California	12,967	9.4%	11,805	8.9%	8,140	7.3%
Oklahoma	11,882	8.6%	7,695	5.8%	2,264	2.2%
New York	10,622	7.7%	7,893	6.0%	6,386	5.7%
Pennsylvania	4,499	3.3%	4,863	3.7%	4,846	4.4%
Ohio	4,378	3.2%	4,123	3.1%	3,823	3.4%
Indiana	3,232	2.3%	3,692	2.8%	3,559	3.2%
Colorado	3,010	2.2%	2,917	2.2%	2,832	2.5%
Illinois	2,644	1.9%	2,457	1.9%	1,818	1.6%
All Other States	23,105	16.7%	31,547	23.9%	30,547	27.4%
Total	$ 138,019	100.0%	$ 132,095	100.0%	$ 111,335	100.0%

The Conifer Approach

We have built our business in a manner that is designed to adapt to changing market conditions and deliver predictable results over time. The following highlights key aspects of our model that contribute to our balanced approach:

- *Focus on under-served markets.* We focus on providing specialty insurance products to targeted policyholders in under-served markets. We believe that most of our small business customers, many of which are owner-operated, value the efficiency of dealing with a single insurer for multiple products. By targeting small- to medium-sized accounts, we add value to the business owner directly without competing solely on price.
- *Strong relationships with our agents.* We develop strong relationships with our independent agents providing them with responsive service, attractive commissions and competitive products to offer policyholders. We believe our agents understand that we view them as key partners in risk selection that help us serve our ultimate client - the insured.
- *Deep understanding of the business and regulatory landscapes of our markets.* The competition for insurance business and the regulatory

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operating environment vary significantly from state to state. We focus on tailoring our business to concentrate on the geographic markets and regulatory environments with the greatest opportunities for growth and profitability. Our business plan centers on identification of market opportunities in jurisdictions where our insurance products can profitably suit the needs of our potential customers.

- *Emphasis on flexibility.* We offer coverage to our insureds both on an E&S and admitted basis. We believe this flexibility enables us to pivot effectively between E&S and admitted policies as customer needs and regulatory conditions dictate.
- *Conservative risk management with an emphasis on lowering volatility.* We focus on the risk/reward of insurance underwriting, while maintaining a prudent investment policy. We employ conservative risk management practices and opportunistically purchase reinsurance to minimize our exposure to liability for individual risks. In addition, we seek to maintain a diversified liquid investment portfolio to reduce overall balance sheet volatility. As of December 31, 2022, our investments primarily consisted of fixed income investments with an average credit rating of “AA+” and an option adjusted duration of 3.5 years.

Our Competitive Strengths

We believe the following competitive strengths have allowed us to grow our business and will continue to support our strategic growth initiatives: business:

- *Talented underwriters with broad expertise.* Our underwriters have significant experience managing account profitability across market cycles. With an average of over 28 years of experience, our senior underwriters possess the required expertise to respond appropriately to market forces.
- *Controlled and disciplined underwriting.* We underwrite substantially all policies to our specific guidelines with our experienced, in-house underwriting team. We customize the coverages we offer, and continually monitor our markets and respond to changes in our markets by adjusting our pricing, product structures and underwriting guidelines. By tailoring the terms and conditions of our policies, we align our actual underwriting risk with the profit of each insurance account that we write. write or produce.
- *Proactive claims handling.* We employ a proactive claims handling philosophy that utilizes an internal team of experienced in-house attorneys to manage and supervise our claims from inception until resolution. We pay what we owe, contest what we don't, and make sound judgment for those claims that fall in between. Our proactive handling of claims reinforces our relationships with our customers and agents by demonstrating our willingness to defend our insureds aggressively and help them mitigate losses.
- *Proven management team.* Our senior management team has an average of over 29 years of experience in the insurance industry. Our senior management team has successfully created, managed and grown numerous insurance companies and books of business, and has longstanding relationships with many independent agents and policyholders in our targeted markets.
- *Ability to leverage technology to drive efficiency.* We utilize a web-based information technology system that creates greater organizational efficiency in our company. Leveraging the infrastructure of programmers and support staff of third-party vendors allows our in-house business analysts to focus on new product development and roll-out. We believe this capability reduces our time to market for new products, enhances services for insureds, increases our ability to capture data, and reduces cost.

Marketing and Distribution

Independent agents are have been our main distribution source. The selection of an insurance company by a business or individual is strongly influenced by the business or individual’s agent. We seek to maintain favorable relationships with our

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select group of agents. Our distribution philosophy is to treat our agents as partners, and we provide them with competitive products, personal service and attractive commissions. We believe these factors contribute to our positive agency retention.

In 2022, 2023, our top six four independent agencies accounted for approximately 42% 35% of our gross written premiums in our commercial lines, and our top four independent agencies accounted for approximately 45% 62% of our gross written premiums in our personal lines. We have long term relationships with each of these agencies. We anticipate our concentration in these agencies will decrease in future periods as we establish relationships with additional agencies, as part of our strategic growth plan. Our Insurance Company Subsidiaries market and distribute their products mainly through an independent agency network, however we utilize managing general agents and certain key wholesalers when appropriate.

We recruit our producers through referrals from our existing network of agents, word-of-mouth, word-of-mouth, advertisement, as well as direct contacts initiated by potential agents. Our marketing efforts are directed through our offices in Michigan and Florida. Michigan.

We view our agents as key partners in risk selection. We actively solicit their input regarding potential improvements to our business methods and consult with them in developing new products and entering new customer markets. At the same time, we take careful measure to appropriately control and monitor our agents' operations. Controls include frequent review of the quality of business, loss experience and other mechanisms. We retain sole binding authority on the majority of our business. Binding authority is only granted to select long-term agents. When binding authority is granted, we restrict this authority to a specific set of guidelines that are provided to each agent. Moreover, our experienced underwriters review each risk to ensure the guidelines are followed.

In addition to marketing to individual agents, our Sycamore Insurance Agency CIS reviews specific opportunities to write select business on a direct basis.

Underwriting

We are Historically, we have been focused on underwriting profitability and effective enterprise risk management. With an average of over 28 years of experience, our senior underwriters have the experience to properly manage account profitability across market cycles.

Our underwriting philosophy for our specialty commercial risks in the hospitality industry is has been to look at each risk individually and selectively before writing any policies. We remain focused on small- to medium-sized businesses where the owner is often on site and in a better position to efficiently and safely run the overall operations. We understand the risks associated with the smaller enterprises and, due to lighter competition, believe we can receive a fair premium to compensate for the risk taken.

With respect to commercial property coverages, we believe it is important to focus on the profitability of the insureds' business, as well as the traditional risk factors. Therefore, in addition to obtaining inspections on commercial risks, we strive to understand the insureds' business operations and bottom line to verify the underlying business is an acceptable risk.

All commercial and personal policy applications are have been underwritten according to established guidelines that have been provided to our independent agency force. These guidelines have been integrated into our information technology system framework and only policies that meet our guidelines are accepted by our system. Our underwriting staff has substantial industry experience in matching policy terms, conditions, and pricing to the risk profiles of our policyholders and therefore strengthens our ability to achieve profitability in the product lines we write.

Commercial Lines. In writing commercial lines policies, we frequently employ tailored limiting endorsements, rating surcharges and customized limits to align our product offerings to the risk profile of the class and the specific policyholder being underwritten. Furthermore, we consistently monitor our markets so that we are able to quickly implement changes in pricing, underwriting guidelines and product offerings as necessary to remain competitive. We do not pursue commercial product lines where competition is based primarily on price. We augment our own internally developed pricing models with benchmark rates and policy terms set forth by the Insurance Services Office, or ISO. The ISO system is a widely recognized industry resource for common and centralized rates and forms. It provides advisory ratings, statistical and actuarial services, sample policy provisions and other services to its members.

Personal Lines. We employ internal product managers to review our position relative to our competition, create better segmentation of pricing and originate premium rate changes as appropriate. Consistent with industry practice, we grant our personal lines agents limited binding authority within our specific guidelines. Once a completed application and premium payment are submitted to us, the application is placed in a bound status, and reviewed

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for final approval. If the agent has underwritten and submitted the account according to our guidelines, we process the application as complete. If our guidelines have not been followed, the application may be cancelled or updated and re-submitted for further underwriting review.

Claims

We believe that effective claims management is vitally important to our success, allowing us to cost effectively pay valid claims, while vigorously defending those claims that lack merit. Our claims department consists of experienced claims professionals located in Michigan, Florida, Oklahoma, Pennsylvania and Texas. We utilize a proactive claims handling philosophy to internally manage or supervise all of our claims from inception through final disposition. By handling our claims internally, we can quickly assess claims, improve communication with our policyholders and claimants and better control our claims management costs.

We have several in-house attorneys with considerable legal experience in trying cases in the lines of business we write. Included among these attorneys is our head in-house litigator, who consults on all trials and has 28 29 years of litigation experience. We also have numerous seasoned property and liability adjusters which allow us to manage our claims exposures more carefully, across all markets. In addition, our claims professionals utilize a network of independent local adjusters and appraisers to assist with specific aspects of claims investigations, such as securing witness statements and conducting initial appraisals in states where it is practical to do so. These outside vendors are mainly compensated based on pre-negotiated fee schedules to control overall costs.

Claims personnel are organized by line of business, with specific managers assigned as supervisors for each line of business. Reserving and payment authority levels of claims personnel are set by our Senior Vice President of claims and our Executive Vice President. Those limits of authority are integrated into our claims information technology systems to ensure strict compliance.

Initial claim reserves are determined and set using our statistical averages of paid indemnity and loss adjustment expenses by line of business. After reviewing statistical data and consulting with our internal actuary, our Senior Vice President of claims, together with other members of management, set initial reserves by line of business. Once initial reserves have been set, reserves are evaluated periodically as specific claim information changes to generate management's overall best estimate of reserves. In addition, claim reviews with in-house adjusters and attorneys provide a regular opportunity to review the adequacy of reserves. Changes to claims reserves are made by senior management based on claim developments and input from these attorneys and adjusters. We utilize an in-house actuary to support our financial efforts.

Reinsurance

We routinely purchase reinsurance for our commercial and personal lines to reduce volatility by limiting our exposure to large losses and to provide capacity for growth. In a reinsurance transaction, an insurance company transfers, or cedes, all or part of its exposure in return for a portion of the premium. We remain legally responsible for the entire obligation to policyholders, irrespective of any reinsurance coverage we may purchase.

Information relating to our reinsurance structure and treaty information is included within Note 8 9 ~ *Reinsurance.*

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Loss Reserve Development

The following table presents the development of our loss and loss adjustment expenses ("LAE") reserves from 2012 2013 through 2022, 2023, net of reinsurance recoverables (dollars in thousands).

	Year Ended December 31,										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 (1)
Net liability for losses and loss expenses	$ 17,547	$ 24,956	$ 28,307	$ 30,017	$ 47,993	$ 67,830	$ 63,122	$ 84,667	$ 87,052	$ 98,741	$ 82,888
Liability re-estimated as of:											
One year later	13,508	23,763	29,321	40,239	57,452	71,186	79,351	100,261	106,482	123,668	
Two years later	13,601	25,521	33,274	52,321	60,453	87,536	94,786	118,116	129,665		
Three years later	13,821	26,560	38,569	58,251	69,833	95,367	108,022	137,327			
Four years later	13,860	27,784	40,822	62,185	74,381	102,335	117,607				
Five years later	13,980	27,920	42,274	64,547	76,860	106,705					
Six years later	14,048	28,339	42,967	66,072	79,622						
Seven years later	13,982	28,655	43,341	66,883							
Eight years later	14,050	28,880	43,771								
Nine years later	14,133	29,487									
Ten years later	14,626										
Net cumulative redundancy (deficiency)	$ 2,921	$ (4,531)	$ (15,464)	$ (36,866)	$ (31,629)	$ (38,875)	$ (54,485)	$ (52,660)	$ (42,613)	$ (24,927)	$ 82,888
Cumulative amount of net liability paid as of:											
One year later	5,186	$ 13,245	$ 16,091	$ 20,200	$ 29,533	$ 44,521	$ 29,520	$ 40,244	$ 39,187	$ 51,129	
Two years later	9,106	19,711	24,060	35,972	56,962	62,369	57,864	70,478	79,965		
Three years later	11,444	23,241	32,699	50,676	61,168	77,409	78,861	103,770			
Four years later	13,015	26,056	37,474	58,317	66,556	87,587	100,377				
Five years later	13,522	27,217	40,438	61,349	70,945	99,544					
Six years later	13,903	27,780	41,979	63,814	76,563						
Seven years later	13,878	28,384	42,428	65,654							
Eight years later	13,923	28,555	43,025								
Nine years later	13,927	29,199									
Ten years later	14,395										
Gross liability-end of year	24,843	28,909	31,532	35,423	54,651	87,896	92,807	107,246	111,270	139,085	165,539
Reinsurance recoverable on unpaid losses	7,296	3,952	3,225	5,405	6,658	20,066	29,685	22,579	24,218	40,344	82,651
Net liability-end of year	17,547	24,957	28,307	30,018	47,993	67,830	63,122	84,667	87,052	98,741	82,888
Gross liability re-estimated - latest	20,671	35,702	52,783	84,930	115,658	174,272	177,075	173,828	164,154	167,738	
Reinsurance recoverable on unpaid losses re-estimated - latest	6,044	6,216	9,012	18,047	36,036	67,566	59,468	36,501	34,490	44,070	

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Net liability re-estimated - latest	14,627	29,486	43,771	66,883	79,622	106,706	117,607	137,327	129,664	123,668
Gross cumulative redundancy (deficiency)	$ 4,172	$ (6,793)	$ (21,251)	$ (49,507)	$ (61,007)	$ (86,376)	$ (84,268)	$ (66,582)	$ (52,884)	$ (28,653)

	Year Ended December 31,										
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022** (1)	**2023** (1)
Net liability for losses and loss expenses	$ 24,956	$ 28,307	$ 30,017	$ 47,993	$ 67,830	$ 63,122	$ 84,667	$ 87,052	$ 98,741	$ 82,888	$ 103,805
Liability re-estimated as of:											
One year later	23,763	29,321	40,239	57,452	71,186	79,351	100,261	106,482	123,668	100,698	
Two years later	25,521	33,274	52,321	60,453	87,536	94,786	118,116	129,665	144,116		
Three years later	26,560	38,569	58,251	69,833	95,367	108,022	137,327	143,307			
Four years later	27,784	40,822	62,185	74,381	102,335	117,607	146,027				
Five years later	27,920	42,274	64,547	76,860	106,705	122,597					
Six years later	28,339	42,967	66,072	79,622	109,865						
Seven years later	28,655	43,341	66,883	80,235							
Eight years later	28,880	43,771	67,020								
Nine years later	29,487	43,712									
Ten years later	29,396										
Net cumulative redundancy (deficiency)	$ (4,440)	$ (15,405)	$ (37,003)	$ (32,242)	$ (42,035)	$ (59,475)	$ (61,360)	$ (56,255)	$ (45,375)	$ (17,810)	$ 103,805
Cumulative amount of net liability paid as of:											
One year later	13,245	$ 16,091	$ 20,200	$ 29,533	$ 44,521	$ 29,520	$ 40,244	$ 39,187	$ 51,129	$ 57,963	
Two years later	19,711	24,060	35,972	56,962	62,369	57,864	70,478	79,965	95,765		
Three years later	23,241	32,699	50,676	61,168	77,409	78,861	103,770	114,622			
Four years later	26,056	37,474	58,317	66,556	87,587	100,377	128,772				
Five years later	27,217	40,438	61,349	70,945	99,544	114,346					
Six years later	27,780	41,979	63,814	76,563	106,535						
Seven years later	28,384	42,428	65,654	78,821							
Eight years later	28,555	43,025	66,238								
Nine years later	29,199	43,148									
Ten years later	29,237										
Gross liability-end of year	28,909	31,532	35,423	54,651	87,896	92,807	107,246	111,270	139,085	165,539	174,612
Reinsurance recoverable on unpaid losses	3,952	3,225	5,405	6,658	20,066	29,685	22,579	24,218	40,344	82,651	70,807
Net liability-end of year	24,957	28,307	30,018	47,993	67,830	63,122	84,667	87,052	98,741	82,888	103,805
Gross liability re-estimated - latest	35,911	53,611	85,551	115,849	176,969	182,121	186,956	186,015	204,735	200,159	
Reinsurance recoverable on unpaid losses re-estimated - latest	6,515	9,899	18,530	35,613	67,104	59,524	40,929	42,708	60,619	99,460	
Net liability re-estimated - latest	29,396	43,712	67,021	80,236	109,865	122,597	146,027	143,307	144,116	100,699	

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Gross cumulative redundancy (deficiency)	$ (7,002)	$ (22,079)	$ (50,128)	$ (61,198)	$ (89,073)	$ (89,314)	$ (79,710)	$ (74,745)	$ (65,650)	$ (34,620)

(1) The 2023 and 2022 column includes $10.9 million and $25.9 million of reinsurance recoverables from the loss portfolio transfer ("LPT") desc in Item 6: Selected Consolidated Financial Data. , respectively. All previous years do not reflect any recoverables from the LPT.

The first line of the table presents the unpaid loss and LAE reserves at December 31 for each year, net of reinsurance recoverables, including the incurred but not reported ("IBNR") reserve. The next section of the table sets forth the re-estimates of incurred losses from later years, including payments, for the years indicated. The increase/decrease from the original estimate would generally be a combination of factors, including, but not limited to:

- Claims being settled for amounts different from the original estimates;
- Reserves being increased or decreased for individual claims that remain open as more information becomes known about those individual claim and
- More or fewer claims being reported after the related year end, than had been expected to be reported before that date.

As our historical data for a particular line of business increases, both in terms of the number of years of loss experience and the size of our data pool, we will increasingly rely upon our own loss experience rather than industry loss experience in

establishing our loss and LAE reserves. We applied reserving practices consistent with historical methodologies and incorporated specific analyses where appropriate.

Additional information relating to our reserves is included within the *Unpaid Losses and Loss Adjustment Expenses* section of Note 1 ~ *Summary of Significant Accounting Policies* and Note 7 8 ~ *Unpaid Losses and Loss Adjustment Expenses* of the Notes to the Consolidated Financial Statements, as well as in the *Critical Accounting Policies: Unpaid Loss and Loss Adjustment Expense Reserves* section of Item 7, *Management's Discussion and Analysis*.

Regulation

Insurance Company Regulation

Our Insurance Company Subsidiaries are subject to regulation in the states where they conduct business. State insurance regulations generally are designed to protect the interests of policyholders, consumers or claimants rather than shareholders or other investors. The nature and extent of such state regulation varies by jurisdiction, but generally involves:

- Prior approval of the acquisition of control of an insurance company or of any company controlling an insurance company;
- Regulation of certain transactions entered into by such insurance company subsidiary with any of its affiliates;
- Approval of premium rates, forms and policies used for many lines of admitted insurance;
- Standards of solvency and minimum amounts of capital and surplus that must be maintained;
- Limitations on types and concentration of investments;
- Licensing of insurers and agents;
- Deposits of securities for the benefit of policyholders; and

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- The filing of periodic reports with state insurance regulators with respect to financial condition and other matters.

In addition, state regulatory examiners perform periodic examinations of our Insurance Company Subsidiaries. The results of these examinations can give rise to regulatory orders requiring remedial, injunctive or other corrective action.

Insurance Holding Company Regulation

We operate as an insurance holding company and are subject to regulation in the jurisdictions in which we conduct business. These regulations require that each of our Insurance Company Subsidiaries register with the insurance department of its state of domicile and furnish information concerning the operations of companies within the holding company system that may materially affect the operations, management or financial condition of the insurers within the system. The insurance laws similarly provide that all transactions among members of a holding company system must be fair and reasonable. Certain types of transactions between our Insurance Company Subsidiaries and the Company and our other affiliates generally must be disclosed to the state regulators, and prior approval of the state insurance regulator generally is required for any material or extraordinary transaction. In addition, a change of control of a domestic insurer or of any controlling person requires the prior approval of the state of domicile insurance regulator.

Various State and Federal Regulations

Insurance companies are also affected by a variety of state and federal legislative and regulatory measures and judicial decisions that define and extend the risks and benefits for which insurance is sought and provided. In addition, for some classes of insureds individual state insurance departments may prevent premium rates for some classes of insureds from reflecting the level of risk assumed by the insurer for those classes. Such developments may adversely affect the profitability of various lines of insurance. In some cases, if permitted by applicable regulations, these adverse effects on profitability can be minimized through repricing of coverages or limitations or cessation of the affected business.

Reinsurance Intermediary

Our reinsurance intermediaries are also subject to regulation. Under applicable regulations, an intermediary is responsible, as a fiduciary, for funds received on account of the parties to the reinsurance transaction. The intermediaries are

required to hold such funds in appropriate bank accounts subject to restrictions on withdrawals and prohibitions on commingling.

10

Licensing and Agency Contracts

We, or certain of our designated employees, must be licensed to act as agents by regulatory authorities in the states in which we conduct business. Regulations and licensing laws vary in each state and are often complex.

Insurance licenses are issued by state insurance regulators upon application and may be of perpetual duration or may require periodic renewal. There are often requirements to obtain appropriate new licenses before we can begin writing or offer new coverages in a new state. The requirements are more stringent when writing on an admitted basis, as opposed to on an E&S basis where there is greater form and rate flexibility.

Insurers operating on an admitted basis must file premium rate schedules and policy or coverage forms for review and approval by the insurance regulators. In many states, rates and policy forms must be approved prior to use, and insurance regulators have broad discretion in judging whether or not an insurer’s rates are adequate, excessive and unfairly discriminatory.

The applicable licensing laws and regulations in all states are subject to amendment or reinterpretation by state regulatory authorities, and such authorities are vested in most cases with relatively broad discretion as to the granting, revocation, suspension and renewal of licenses. We, or our

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employees, could be excluded, or temporarily suspended, from continuing with some or all of our activities in, or otherwise subjected to penalties by, a particular state.

Membership in Insolvency Funds and Associations, Mandatory Pools and Insurance Facilities

Most states require admitted property and casualty insurers to become members of insolvency funds or associations, which generally protect policyholders against the insolvency of insurers. Members of the fund or association must contribute to the payment of certain claims made against insolvent insurers. The Company's assessments from insolvency funds were minimal for the years ended December 31, 2022, 2021, December 31, 2023 and 2020. 2022.

Our Insurance Company Subsidiaries are also required to participate in various mandatory insurance facilities or in funding mandatory pools, which are generally designed to provide insurance coverage for consumers who are unable to obtain insurance in the voluntary insurance market. Among the pools participated in are those established in certain states to provide windstorm and other similar types of property coverage. These pools typically require all companies writing applicable lines of insurance in the state for which the pool has been established to fund deficiencies experienced by the pool based upon each company's relative premium writings in that state, with any excess funding typically distributed to the participating companies on the same basis. To the extent that reinsurance treaties do not cover these assessments, they may have an adverse effect on the Company. For the years ended December 31, 2022, 2021, December 31, 2023 and 2020, 2022, total assessments paid to all such facilities were minimal.

Restrictions on Dividends and Risk-Based Capital

For information on Restrictions on Dividends and Risk-based Capital that affect us please refer to Note 11 12 ~ *Statutory Financial Data, Risk-Based Capital and Dividend Restrictions* of the Notes to the Consolidated Financial Statements and the *Regulatory and Rating Issues* section within Item 7, *Management's Discussion and Analysis*.

NAIC-IRIS Ratios

The National Association of Insurance Commissioners' ("NAIC") Insurance Regulatory Information System ("IRIS") was developed by a committee of state insurance regulators and is primarily intended to assist state insurance departments in executing their statutory mandates to oversee the financial condition of insurance companies operating in their respective states. IRIS identifies thirteen industry ratios and specifies "usual values" for each ratio. Departure from the usual values on four or more ratios generally leads to inquiries or possible further review from individual state insurance commissioners. However, the generation of ratios outside of the usual values does not necessarily indicate a financial problem. For example, premium growth, alone, can trigger one or more unusual values. Refer to the *Regulatory and Rating Issues* section within Item 7, *Management's Discussion and Analysis*.

Effect of Federal Legislation

The Terrorism Risk Insurance Act ("TRIA") was enacted in November 2002. After several extensions, Congress enacted the Terrorism Risk Insurance Program Reauthorization of 2015 ("Act"). The Act was extended through December 31, 2027 in December of 2019. The Act continues to require insurance companies to offer terrorism coverage. There is minimal exposure to this coverage as most of our policyholders decline this coverage option.

Employees

At December 31, 2022 December 31, 2023, we had 109 94 employees. Substantially all All of our employees are full-time. were full-time as of December 31, 2023. Our employees are not subject to any collective bargaining agreement, and we are not aware of any current efforts to implement such an agreement. We believe we have good working relations with our employees.

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Available Information

We maintain an internet website at http://www.cnfrh.com, where we make available, free of charge, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Statements of Beneficial Ownership (Forms 3, 4, and 5), and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish to, the SEC. In addition, the SEC maintains an Internet site that contains reports, proxy statements, and other information that we file at www.sec.gov. The public may read and copy any materials we file with the Commission at the SEC's Public Reference Room at 100 F Street, NE., Washington, DC 20549, on official business days during the hours of 10 a.m. to 3 p.m. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. Information found on our website or any other website is not part of this annual report on Form 10-K or any other report we file with, or furnish to the SEC.

Glossary

Accident year	The annual calendar accounting period in which loss events occurred, regardless of when the losses are actually reported, booked or paid.
Accident year combined ratio	The accident year combined ratio is an insurance industry measure that excludes changes in net ultimate loss estimates from prior accident year loss reserves. The accident year combined ratio provides management with an assessment of the specific policy year's profitability (which matches policy pricing with related losses) and assists management in their evaluation of product pricing levels and quality of business written. Management uses accident year combined ratio as one component to assess the Company's current year performance and as a measure to evaluate, and if necessary, adjust current year pricing and underwriting.
Adjusted operating income (loss)	Net Adjusted operating income (loss) is a non-GAAP measure. Adjusted operating income (loss) represents net income (loss) excluding net realized investment and other gains (losses), net of tax, the effects of tax reform, the tax effect of changes in unrealized gains to the extent included in net income, the change in the fair value of equity securities, net the gain from sale of tax, renewal rights, the gain from VSRM Transaction, the loss portfolio transfer risk fee and the capitalization and amortization of deferred other gains from the adverse development cover (ADC) (losses).
Adjusted operating income (loss), per share	Adjusted operating income (loss) per share is a non-GAAP measure. Adjusted operating income (loss) on a per share basis. represents the net income (loss) allocable to common shareholders excluding net realized investment gains (losses) per share, change in fair value of equity securities per share, the gain from sale of renewal rights per share, the gain from VSRM Transaction per share, the loss portfolio transfer risk fee per share and other gains (losses) per share.
Assignment of Benefits	A legal tool that allows a third party to assert a claim and be paid for services performed for an insured who would normally be reimbursed directly by the insurance company after making a claim themselves.
Book value per share	Total common shareholders' equity divided by the number of common shares outstanding.
Case reserves	Estimates of anticipated future payments to be made on each specific reported claim. claim, which are exclusive of any IBNR estimated reserves.

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Combined Ratio based on accounting principles generally accepted in the United States of America (“GAAP”)	The combined ratio is the sum of the loss ratio and the expense ratio. These ratios differ from statutory ratios to reflect GAAP accounting, as management evaluates the performance of our underwriting operations using the GAAP combined ratio.
Combined Ratio based on statutory accounting practices (“SAP”)	The combined ratio based on SAP, expressed as a percentage, is the key measure of underwriting profitability traditionally used in the property and casualty insurance business. The combined ratio is a statutory accounting measurement, which represents the sum of (i) the ratio of losses and loss expenses to net earned premiums (loss ratio), plus (ii) the ratio of underwriting expenses to net written premiums (expense ratio).
Combined Ratio (Overall)	When the combined ratio is under 100%, underwriting results are generally considered profitable; when the combined ratio is over 100%, underwriting results are generally considered unprofitable.
Deferred policy acquisition costs	Primarily commissions and premium-related taxes that vary with, and are primarily related to, the production of new contracts and are deferred and amortized to achieve a matching of revenues and expenses when reported in financial statements prepared in accordance with GAAP.
Deficiency	With regard to reserves for a given liability, a deficiency exists when it is estimated or determined that the reserves are insufficient to pay the ultimate settlement value of the related liabilities. Where the deficiency is the result of an estimate, the estimated amount of deficiency (or even the finding of whether or not a deficiency exists) may change as new information becomes available.

Expense Ratio	For GAAP, it is the ratio of GAAP underwriting expenses incurred to net earned premiums plus other income. For SAP, it is the ratio of Statutory underwriting expenses incurred to net written premiums.
Incurred but not reported (IBNR) reserves	Reserves for estimated losses and LAE that have been incurred but not yet reported to the insurer. This includes amounts for unreported claims, development on known cases, and re-opened claims.
Lender	The Huntington National Bank
Loss	An occurrence that is the basis for submission and/or payment of a claim. Losses may be covered, limited or excluded from coverage, depending on the terms of the policy.
Loss adjustment expenses (LAE)	The expenses of settling claims, including legal and other fees and the portion of general expenses allocated to claim settlement costs.
Loss ratio	The ratio of incurred losses and loss adjustment expenses to net earned premiums plus other income.
Loss reserves	Liabilities established by insurers and reinsurers to reflect the estimated cost of claims incurred that the insurer or reinsurer will ultimately be required to pay in respect of insurance or reinsurance it has written. Reserves are established for losses and for LAE, and consist of case reserves and IBNR reserves. As the term is used in this document, “loss reserves” is meant to include reserves for both losses and LAE, unless stated otherwise.
Loss reserve development	The increase or decrease in Losses or LAE as a result of the re-estimation of claims and claim adjustment expense reserves at successive valuation dates for a given group of claims. Loss reserve development may be related to prior year or current year development.
Losses incurred	The total losses sustained by an insurance company under a policy or policies, whether paid or unpaid. Incurred losses include a provision for IBNR.

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NAIC-IRIS ratios	Financial ratios calculated by the NAIC to assist state insurance departments in monitoring the financial condition of insurance companies.

Policyholders' surplus	As determined under SAP, the amount remaining after all liabilities are subtracted from all admitted assets. Admitted assets are assets of an insurer prescribed or permitted by a state to be recognized on the statutory balance sheet. Policyholders' surplus is also referred to as “surplus” or “statutory surplus” for statutory accounting purposes.
Premium leverage ratio	The ratio of written premium (gross or net) to consolidated statutory surplus.
Redundancy	With regard to reserves for a given liability, a redundancy exists when it is estimated or determined that the reserves are greater than what will be needed to pay the ultimate settlement value of the related liabilities. Where the redundancy is the result of an estimate, the estimated amount of redundancy (or even the finding of whether or not a redundancy exists) may change as new information becomes available.
Risk-Based Capital (RBC)	A measure adopted by the NAIC and enacted by states for determining the minimum statutory policyholders' surplus requirements of insurers. Insurers having total adjusted capital less than that required by the RBC calculation will be subject to varying degrees of regulatory action.
Statutory accounting practices (SAP)	The practices and procedures prescribed or permitted by domiciliary state insurance regulatory authorities in the United States for recording transactions and preparing financial statements.
Underwriting gain or loss	Net earned premiums plus other income, less losses, LAE, commissions, and operating expenses.

ITEM 1A. RISK FACTORS

Risk Factors

You should read the following risk factors carefully in connection with evaluating our business and the forward-looking information contained in this Annual Report on Form 10-K. Any of the following risks could materially and adversely affect our business, operating results, financial condition and the actual outcome of matters as to which forward-looking statements are made in this Annual Report on Form 10-K. While we believe we have identified and discussed below the key risk factors affecting our business, there may be additional risks and uncertainties that are not presently known or that are not currently believed to be significant that may adversely affect our business, operating results or financial condition in the future.

Summary Risk Factors

Our business is subject to numerous risks and uncertainties. We have listed below the material risk factors applicable to us. These material risks include, but are not limited to, the following:

- Operational Risks
- Investment Risks
- Liquidity Risks

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- Legal and Regulatory Risks
- Rating Agency Risks
- General Risk Factors

Operational Risks

The effects of the COVID-19 pandemic and its economic and societal impact could adversely impact ***We may not be able to extend or repay*** ***our businesses, assets and financial performance.***

COVID-19 has caused significant disruption indebtedness owed to public health, the global economy, financial markets, and commercial, social and community activity generally. The pandemic and the economic uncertainty may result in higher levels of loss and claims activity in certain lines of business and our premium revenue may reduce by secured lenders, which would have a suppression of national and global commercial activity. If the ongoing pandemic continues to create disruptions or turmoil in the credit or financial markets, it could adversely affect our ability to access capital material adverse effect on favorable terms, or at all, and continue to meet our liquidity needs.

Governmental, regulatory and judicial actions in response to the COVID-19 pandemic may adversely affect ***our financial performance*** ***condition*** ***and*** ***our ability to conduct our businesses.***

Insurance and financial regulators may attempt to impose new obligations on insurers in connection with the pandemic that could materially affect our business or profitability, including any retroactive change to the terms of existing insurance contracts that specifically exclude business interruption losses arising from the pandemic. While we believe that any retroactive attempt to rewrite the terms of existing contracts would be unconstitutional, we cannot be certain of ultimate judicial outcomes. In addition, there is a risk that novel litigation theories, in conjunction with a diverse range of potential jury and judicial venues across many jurisdictions, could give rise to unforeseen pandemic related liability.

The disruption and other effects caused by COVID-19 could adversely impact the efficiency and productivity of our Business operations.

To protect our employees and in response to the global and regional restrictions on interpersonal contact and travel because of the COVID-19 pandemic, much of our work force is working remotely, placing increased demands on our IT systems. There is no assurance that our ability to continue to function in this new environment will not be adversely affected by an extended period of limited access to our physical facilities or by other developments such as an extended disruption in the telecommunications and internet infrastructure that support our remote work capability. a going concern.

15 If we are unable to service or repay these obligations at maturity and we are otherwise unable to extend the maturity dates or refinance these obligations, we would be in default. We cannot provide any assurances that we will be able to raise

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the necessary amount of capital to service these obligations. Upon a default, our secured lenders would have the right to exercise their rights and remedies to collect, which would include foreclosing on our assets. Accordingly, a default would have a material adverse effect on our business, and we would likely be forced to seek bankruptcy protection.

Our various loan agreements contain financial and non-financial covenants and provisions providing for cross-default. The evaluation of compliance with these provisions is subject to interpretation and the exercise of judgment.

Our actual incurred losses may be greater than our loss and loss adjustment expense reserves, which could have a material adverse effect on our financial condition and results of operations.

Insurance companies' financial condition and results of operations depend upon their ability to accurately assess the potential losses and loss adjustment expenses under the terms of the insurance policies they underwrite. Reserves do not represent an exact calculation of liability. Rather, reserves represent an estimate of what the expected ultimate settlement and administration of claims will cost, and the ultimate liability may be greater

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or less than the current estimate. In the insurance industry, there is always the risk that reserves may prove inadequate as it is possible for insurance companies to underestimate the cost of claims. There has been considerable adverse development reported by the Company in recent years.

We base our estimates on our assessment of known facts and circumstances, as well as estimates of future trends in claim severity, claim frequency, judicial theories of liability and other factors. These variables are affected by both internal and external events that could increase our exposure to losses, including changes in actuarial projections, claims handling procedures, inflation, severe weather, climate change, economic and judicial trends, and legislative changes. We continually monitor reserves using new information on reported claims and a variety of statistical techniques to update our current estimate. Our estimates could prove to be inadequate, and this underestimation could have a material adverse effect on our financial strength.

The uncertainties we encounter in establishing our loss reserves include:

- For the majority of our policies, we are obligated to pay any covered loss that occurs while the policy is in force. Accordingly, claims may be reported and develop many years after a policy has lapsed;
- Even when a claim is received, it may take considerable time to fully appreciate the extent of the covered loss suffered by the insured and, consequently, estimates of loss associated with specific claims can increase over time;
- New theories of liability are enforced retroactively from time to time by courts;
- Volatility in the financial markets, economic events, weather events and other external factors may result in an increase in the number of claims and the severity of the claims reported. In addition, elevated inflationary conditions would, among other things, drive loss costs to increase;
- When we enter new lines of business, or encounter new theories of claims liability, we may encounter an increase in claims frequency and great claims handling costs than we had anticipated; and
- Estimation of IBNR losses is a complex and inherently uncertain process which involves a considerable degree of judgment and expertise, whic adds to the overall difficulty of estimating loss reserves.

If any of our insurance reserves should prove to be inadequate for the reasons discussed above, or for any other reason, we will be required to increase reserves, resulting in a reduction in our net income and shareholders' equity in the period in which the deficiency is identified. Such adverse development can result in the unplanned need for additional capital, which may need to be obtained through the sale of assets or additional issuance of common stock or preferred stock which could dilute current shareholder value.

If we are unable to underwrite risks accurately and charge competitive yet profitable rates to our policyholders, our business, financial condition and results of operations will be adversely affected.

In general, the premiums for our insurance policies are established at the time a policy is issued and, therefore, before all of our underlying costs are known. Like other insurance companies, we rely on estimates and assumptions in setting our

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premium rates. Establishing adequate premium rates is necessary, together with investment income, to generate sufficient revenue to offset losses, LAE and other underwriting costs and to earn a profit. If we do not accurately assess the risks that we underwrite, we may not charge adequate premiums to cover our losses and expenses, which would adversely affect our results of operations and our profitability. Alternatively, we could set our premiums too high, which could reduce our competitiveness and lead to lower revenues.

Pricing involves the acquisition and analysis of historical loss data and the projection of future trends, loss costs and expenses, and inflation trends, among other factors, for each of our products in multiple risk tiers and many different markets. In order to accurately price our policies, we must:

- Collect and properly analyze a substantial volume of data from our insureds;

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- Develop, test and apply appropriate actuarial projections and rating formulas;
- Closely monitor and timely recognize changes in trends; and
- Project both frequency and severity of our insureds' losses with reasonable accuracy.

We seek to implement our pricing accurately in accordance with our assumptions. Our ability to undertake these efforts successfully and, as a result, accurately price our policies, is subject to a number of risks and uncertainties, including:

- Insufficient or unreliable data;
- Incorrect or incomplete analysis of available data;
- Uncertainties generally inherent in estimates and assumptions;
- Our failure to implement appropriate actuarial projections and rating formulas or other pricing methodologies;
- Regulatory constraints on rate increases; and
- Our failure to accurately estimate investment yields and the duration of our liability for loss and loss adjustment expenses, as well as unanticipat court decisions, legislation or regulatory action.

In addition, as a result of current industry non-weather factors, such as the increase in litigation surrounding the Assignment of Benefits claims and lawsuits in Florida, in particular, we may experience additional losses that could adversely affect our financial position and results of operations.

We There may not be able limited capacity from third party insurers to manage support the business produce by our growth effectively. MGA.

We intend to continue to grow As discussed in Item 1 ~ *Business*, the Company is making a strategic shift wherein our business, which could require additional capital, systems development Insurance Company Subsidiaries will underwrite significantly less business. The Company's earned premium and skilled personnel. investment income revenues will be substantially replaced with commission revenue generated by CIS, our MGA, producing premiums for third-party insurers. We cannot assure you that we will be able to locate profitable third party insurers to underwrite the business opportunities, meet our capital needs, expand our systems and our internal controls effectively, allocate our human resources optimally, identify qualified employees or agents or incorporate effectively the components of any businesses we may acquire in our effort to achieve growth. MGA can produce. The failure to manage our growth effectively and maintain obtain sufficient third party underwriting discipline capacity could have a material adverse effect on our business, financial condition and results of operations.

We operate in a highly competitive environment and we may not continue to be able to compete effectively against larger or more well-established business rivals.

We compete with a large number of other companies in our selected lines of business. Many of our competitors are substantially larger and may enjoy better name recognition, substantially greater financial resources, higher financial strength ratings by rating agencies, broader and more diversified product lines and more widespread agency relationships than we do. Insurers in our markets generally compete on the basis of price, consumer recognition, coverages offered, claims handling, financial stability, customer service and geographic coverage. Although pricing is influenced to some degree by that of our competitors, it is not in our best interests to compete solely on price, and we may from time-to-time experience a loss of market share during periods of intense price competition. A number of new, proposed or potential legislative or industry developments could further increase competition in our industry including, but not limited to:

- An increase in capital-raising by companies in our lines of business, which could result in new entrants to our markets and an excess of capital i the industry;
- The deregulation of commercial insurance lines in certain states and the possibility of federal regulatory reform of the insurance industry, which

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could increase competition from standard carriers for our E&S lines of insurance business; and

- Changing practices caused by the Internet may lead to greater competition in the insurance business. Among the possible changes are shifts in way insurance is purchased. If our distribution model were to be significantly altered by changes in the way products are marketed, including, without limitation, through use of the Internet, it could have a material adverse effect on our premiums, underwriting results and profits.

There is no assurance that we will be able to continue to compete successfully in the insurance markets in which we participate. Increased competition in our market could result in a change in the supply and/or demand for insurance, affect our ability to price our products at risk-adequate rates and retain existing business, or underwrite new business on favorable terms. If this increased competition so limits our ability to transact business, our operating results could be adversely affected.

Increased information technology security threats and more sophisticated computer crimes pose a risk to our systems, networks, products and services.

Our business is dependent upon the uninterrupted functioning of our information technology and telecommunication systems. We rely upon our systems, as well as the systems of our vendors, to underwrite and process our business; make claim payments; provide customer service; provide policy administration services, such as endorsements, cancellations and premium collections; comply with insurance regulatory requirements; and perform actuarial and other analytical functions necessary for pricing and product development.

Our systems may be damaged, disrupted, or shut down due to unauthorized access, malicious software, undetected intrusion, hardware failures, or other events, and in these circumstances our disaster recovery planning may be ineffective or inadequate. Information technology security threats from user error to cybersecurity attacks are increasing in frequency and sophistication. These threats pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. The potential consequences of a material cybersecurity attack include reputational damage, litigation with third parties, and increased cybersecurity protection and remediation costs. A sustained business interruption or system failure could adversely impact our ability to process our business, provide customer service, pay claims in a timely manner or perform other necessary business functions. We could also be subject to fines and penalties related to a security breach. The cost to remedy a severe breach could be substantial.

Severe weather conditions and other catastrophes are inherently unpredictable and may have a material adverse effect on our financial results and financial condition.

Our property insurance business is exposed to the risk of severe weather conditions and other catastrophes. Catastrophes can be caused by various events, including natural events such as hurricanes, winter weather, tornadoes, windstorms, earthquakes, hailstorms, severe thunderstorms, fires and other non-natural events such as explosions or riots.

The incidence and severity of catastrophes and severe weather conditions are inherently unpredictable. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Severe weather conditions and catastrophes can cause greater losses in our property lines and cause our liquidity and financial condition to deteriorate. In addition, our inability to obtain reinsurance coverage at reasonable rates and in amounts adequate to mitigate the risks associated with severe weather conditions and other catastrophes could have a material adverse effect on our business and results of operations.

We may be unable to obtain reinsurance coverage at reasonable prices or on terms that provide us adequate protection.

We purchase reinsurance in many of our lines of business to help manage our exposure to insurance risks that we underwrite and to reduce volatility in our results.

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The availability and cost of reinsurance are subject to prevailing market conditions, both in terms of price and available capacity, each of which can affect our business volume and profitability. The availability of reasonably affordable reinsurance is a critical element of our business plan. One important way we utilize reinsurance is to reduce volatility in claims payments by limiting our exposure to losses from large risks. Another way we use reinsurance is to purchase

substantial protection against concentrated losses when we enter new markets. As a result, our ability to manage volatility and avoid significant losses, expand into new markets or grow by offering insurance to new kinds of enterprises may be limited by the unavailability of reasonably priced reinsurance. We may not be able to obtain reinsurance on acceptable terms or from entities with satisfactory creditworthiness. Under such circumstances, we may have to reduce the level of our underwriting commitments, which would reduce our revenues.

Many reinsurance companies have begun to exclude certain coverages from, or alter terms in, the reinsurance contracts we enter into with them. Some exclusions relate to risks that we cannot exclude from the policies we write due to business or regulatory constraints. In addition, reinsurers are imposing terms, such as lower per occurrence and aggregate limits, on direct insurers that do not wholly cover the risks written. As a result, we, like other direct insurance companies, write insurance policies which, to some extent, do not have the benefit of reinsurance protection. These gaps in reinsurance protection expose us to greater risk and greater potential losses. For example, certain reinsurers have excluded coverage for terrorist acts or priced such coverage at unreasonably high rates.

We distribute our insurance products through a select group of agents, several of which account for a significant portion of our business, and there can be no assurance that such relationships will continue, or if they do continue, that the relationship will be on favorable terms to us. In addition, reliance on agents subjects us to their credit risk.

Our distribution model depends almost entirely on the agencies that distribute our products. In 2022, 2023, six independent agencies accounted for approximately 42% 40% of our gross written premiums in our commercial lines, and four independent agencies, accounted for approximately 45% 62% of our gross written premiums in our personal lines. We cannot assure you that these relationships, or our relationships with any of our agencies will continue. Even if the relationships do continue, they may not be on terms that are profitable for us. The termination of a relationship with one or more significant agents could result in lower premium revenue and could have a material adverse effect on our results of operations or business prospects.

Certain premiums from policyholders, where the business is produced by agents, are collected directly by the agents and forwarded to our Insurance Company Subsidiaries. In certain jurisdictions, when the insured pays its policy premium to these agents for payment on behalf of our Insurance Company Subsidiaries, the premiums might be considered to have been paid under applicable insurance laws and regulations. Accordingly, the insured would no longer be liable to us for those amounts, whether or not we have actually received the premiums from that agent. Consequently, we assume a degree of credit risk associated with agents. There may be instances where agents collect premiums but do not remit them to us and we may be required to provide the coverage set forth in the policy despite the absence of premiums. If we are unable to collect premiums from agents, underwriting profits may decline and our financial condition and results of operations could be materially and adversely affected.

The property and casualty insurance business is historically cyclical in nature, and we may experience periods with excess underwriting capacity and unfavorable premium rates, which could adversely affect our business.

Historically, insurers have experienced significant fluctuations in operating results due to competition, frequency and severity of catastrophic events, levels of capacity, adverse litigation trends, regulatory constraints, general economic conditions and other factors. The supply of insurance is related to prevailing prices, the level of insured losses and the level of capital available to the industry that, in turn, may fluctuate in response to changes in rates of return on investments being earned in the insurance industry. As a result, the insurance business historically has been a cyclical industry characterized by

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periods of intense price competition due to excessive underwriting capacity as well as periods when shortages of capacity increased premium levels. Demand for insurance depends on numerous factors, including the frequency and severity of catastrophic events, levels of capacity, the introduction of new capital providers, and general economic conditions. All of these factors fluctuate and may contribute to price declines generally in the insurance industry.

We cannot predict with certainty whether market conditions will improve, remain constant or deteriorate. Negative market conditions may impair our ability to underwrite insurance at rates we consider appropriate and commensurate relative to the risk assumed. If we cannot underwrite insurance at appropriate rates, our ability to transact business will be materially and adversely affected. Any of these factors could lead to an adverse effect on our business, financial condition and results of operations.

Adverse economic factors, including recession, inflation, periods of high unemployment or lower economic activity could result in the sale of fewer policies than expected or an increase in the infrequency or severity of claims and premium defaults or both, which, in turn, could affect our growth and profitability.

Factors, such as business revenue, economic conditions, the volatility and strength of the capital markets and inflation can all affect the business and economic environment in which we operate. These same factors affect our ability to generate revenue and profits. In an economic downturn that is characterized by higher unemployment, declining spending and reduced corporate revenues, the demand for insurance products is adversely affected, which directly affects our premium levels and profitability. Negative economic factors may also affect our ability to receive the appropriate rate for the risk we insure with our policyholders and may adversely affect the number of policies we can write, including with respect to our opportunities to underwrite profitable business. In an economic downturn, our customers may have less need for insurance coverage, cancel existing insurance policies, modify their coverage or not renew with us. Existing policyholders may exaggerate or even falsify claims to obtain higher claims payments. These outcomes would reduce our underwriting profit to the extent these factors are not reflected in the rates we charge.

The failure of any of the loss limitations or exclusions we employ, or changes in other claims or coverage issues, could have a material adverse effect on our financial condition or results of operations.

Our policies include provisions to limit our exposure to known risks. In addition, we design our policy terms to manage our exposure to expanding theories of legal liability like those which have given rise to claims for lead paint, asbestos, mold, construction defects and environmental matters. Many of the policies we issue also include conditions requiring the prompt reporting of claims to us and entitle us to decline coverage in the event of a violation of that condition. Also, many of our policies limit the period during which a policyholder may bring a claim under the policy, which in many cases is shorter than the statutory period under which such claims can be brought against our policyholders.

As industry practices and legal, judicial, social and other conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect our business by either extending coverage beyond the underwriting intent or by increasing the size or number of claims.

It is possible that a court or regulatory authority could nullify or void any number of the provisions we put in place to limit our exposure. Regulatory authorities or courts may not interpret the limitations or exclusions that we included in the policies in the manner we intended. Or legislation could be enacted modifying or barring the use of such endorsements and limitations. These types of governmental actions could result in higher than anticipated losses and loss adjustment expenses, which could have a material adverse effect on our financial condition or results of operations. In some instances, these changes may not become apparent until sometime after we have issued insurance policies that are affected by the changes. As a result, the full extent of liability under our insurance contracts may not be known for many years after a contract is issued.

If we are unable to retain key management and employees or recruit other qualified personnel, we may be adversely affected.

We believe that our future success depends, in large part, on our ability to retain our experienced management team and key employees, particularly our chairman and chief executive officer, James G. Nicholas J. Petcoff. There can be no assurance that we can attract and retain the necessary employees to conduct our business activities on a timely basis or at all. Our competitors may offer more favorable compensation arrangements to our key management or employees to incentivize them to leave our Company.

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Furthermore, our competitors may make it more difficult for us to hire their personnel by offering excessive compensation arrangements to certain employees to induce them not to leave their current employment and bringing litigation against employees who do leave (and possibly us as well) to join us. The loss of any of our executive officers or other key personnel, or our inability to recruit and retain additional qualified personnel as we grow, could materially and adversely affect our business and results of operations, and could prevent us from fully implementing our growth strategies.

We rely on our systems and employees, and those of certain third-party vendors and service providers in conducting our operations, and certain failures, including internal or external fraud, operational errors, or systems malfunctions, could materially adversely affect our operations.

We are exposed to many types of operational risk, including the risk of fraud by employees and outsiders, clerical and recordkeeping errors and computer or telecommunications systems malfunctions. Our business depends on our ability to process a large number of increasingly complex transactions. If any of our operational, accounting, or other data processing systems fail or have other significant shortcomings, we could be materially adversely affected. Similarly, we depend on our employees. We could be materially adversely affected if one or more of our employees cause a significant operational breakdown or failure, either as a result of human error or intentional sabotage or fraudulent manipulation of our operations or systems.

Third parties with whom we do business, including vendors that provide services or security solutions for our operations, could also be sources of operational and information security risk to us, including from breakdowns, failures, or capacity constraints of their own systems or employees. Any of these occurrences could diminish our ability to operate our business, or cause financial loss, potential liability to insureds, inability to secure insurance, reputational damage or regulatory intervention, which could materially adversely affect us.

Litigation and legal proceedings against our subsidiaries could have a material adverse effect on our business, financial condition and/or results of operations.

As an insurance holding company, our Subsidiaries are named as defendants in various legal actions in the ordinary course of business. We believe that the outcome of presently pending matters, individually and in the aggregate, will not have a material adverse effect on our consolidated financial position, operating results or liquidity. However, the outcomes of lawsuits cannot be predicted and, if determined adversely, could require us to pay significant damage amounts or to change aspects of our operations, which could have a material adverse effect on our financial results.

Our geographic concentration ties our performance to the business, economic, natural perils, man-made perils, and regulatory conditions within our most concentrated region.

Our revenues and profitability are subject to the prevailing regulatory, legal, economic, political, demographic, competitive, weather and other conditions in the principal states in which we do business. Changes in any of these conditions could make it less attractive for us to do business in such states and would have a more pronounced effect on us compared to companies that are more geographically diversified. In addition, our exposure to severe losses from localized perils, such as earthquakes, hurricanes, tropical storms, tornadoes, wind, ice storms, hail, fires, terrorism, riots and explosions, is increased in those areas where we have written significant numbers of insurance policies.

We are subject to credit risk with regard to our reinsurance counterparties.

Although reinsurance makes the assuming reinsurer liable to us to the extent of the risk ceded, we are not relieved of our primary liability to our insureds as the direct insurer. We cannot be sure that our reinsurers will pay all reinsurance claims on a timely basis or at all. For example, reinsurers may default in their financial obligations to us as the result of insolvency, lack of liquidity, operational failure, fraud, asserted defenses based on agreement wordings or the principle of utmost good faith, asserted deficiencies in the documentation of agreements or other reasons. The failure of a

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reinsurer to pay us does not lessen our contractual obligations to insureds. If a reinsurer fails to pay the expected portion of a claim or claims, our net losses might increase substantially and adversely affect our financial condition. Any disputes with reinsurers regarding coverage under reinsurance contracts could be time-consuming, costly and uncertain of success.

Downgrades to the credit ratings of our reinsurance counterparties may result in the reduction of rating agency capital credit provided by those reinsurance contracts and could, therefore, result in a downgrade of our own credit ratings. We evaluate each reinsurance claim based on the facts of the case, historical experience with the reinsurer on similar claims and existing case law and include any amounts deemed uncollectible from the reinsurer in our reserve for uncollectible reinsurance.

Damage to our reputation could have a material adverse effect on our business.

Our reputation is one of our key assets. Our ability to attract and retain policyholders is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, financial condition and other subjective qualities. Negative perceptions or publicity regarding these or other matters, including from actual or alleged conduct by us or our employees, could damage our reputation. Any resulting erosion of trust and confidence among existing and potential policyholders, regulators and other parties important to the success of our business could make it difficult for us to attract new policyholders and maintain existing ones, which could have a material adverse effect on our business, financial condition and results of operations.

Investment Risks

Our investment portfolio is subject to significant market and credit risks, which could result in an adverse impact on our financial conditions or results of operations.

Our results of operations depend, in part, on the performance of our investment portfolio. We seek to hold a diversified portfolio of investments that is managed by professional investment advisory management firms in accordance with our investment policy and routinely reviewed by our Investment Committee. However, our investments are subject to general economic conditions and market risks as well as risks inherent to particular securities.

The value of our investment portfolio is subject to the risk that certain investments may default or become impaired due to deterioration in the financial condition of one or more issuers of the securities held, or due to deterioration in the financial condition of an entity that guarantees an issuer's payments of such investments. Such defaults and impairments could reduce our net investment income and result in realized investment losses.

A severe economic downturn could cause us to incur substantial realized and unrealized investment losses in future periods, which would have an adverse impact on our financial condition, results of operations, debt and financial strength ratings, Insurance Company Subsidiaries' capital liquidity and ability to access capital markets. In addition, losses in our investment portfolio may occur at the same time as underwriting losses and, therefore, exacerbate the adverse effect of the losses on us.

***We may be adversely affected by interest rate changes*.**

Our investment portfolio is predominantly comprised of fixed income securities. These securities are sensitive to changes in interest rates. An increase in interest rates typically reduces the fair market value of fixed income securities. In addition, if interest rates decline, investment income earned from future investments in fixed income securities will be lower. Rising interest rates could result in a significant reduction of our book value. A low investment yield environment could adversely impact our net earnings, as a result of fixed income securities maturing and being replaced with lower yielding securities which impact investing results.

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Interest rates are highly sensitive to many factors beyond our control including general economic conditions, governmental monetary policy, and political conditions. See Item 7A ~ *Qualitative and Quantitative Disclosures About Market Risk* for further discussion on interest rate risk.

Liquidity Risks

Any debt service obligations will reduce the funds available for other business purposes, and the terms and covenants relating to our current and future indebtedness could adversely impact our financial performance and liquidity.

As of December 31, 2022 December 31, 2023, we the Company had $24.4 million $17.9 million of 9.75% public senior unsecured notes (the "Notes") outstanding and $10.5 million $9.8 million of subordinated senior secured notes (the "Subordinated Notes") outstanding. The Company's line of credit matured on December 1, 2022, and was not

renewed. See Note 9 10 ~ *Debt* for additional details. We are subject to risks typically associated with debt financing, such as insufficient cash flow to meet required debt service payment obligations and the inability to refinance existing indebtedness. The Notes are due on September 30, 2023.

Our ability to make payments on our indebtedness is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we are unable to generate sufficient cash flow to service our debt

and meet our other commitments, we may need to restructure or refinance all or a portion of our debt, sell material assets or operations or raise additional debt or equity capital. We may not be able to effect any of these actions on a timely basis, on commercially reasonable terms or at all, and these actions may not be sufficient to meet our capital requirements. In addition, the terms of our existing or future debt arrangements may restrict us from effecting any of these alternatives. In addition, For example, the Subordinated Notes senior secured notes contain various restrictive covenants that relate to the Company's tangible net worth, fixed-charge coverage ratios, dividend paying capacity, reinsurance retentions, and risk-based capital ratios. If we are unable to meet debt covenant requirements or to obtain future waivers regarding such failures, we could be in breach of our credit agreement. Any such breach could cause significant disruption to our operations, including a requirement to immediately repay our indebtedness, and would have severe adverse effects on our liquidity and financial flexibility.

As of December 31, 2023, the Company was not in compliance with the tangible net worth, dividend paying capacity, risk-based capital and consolidated debt to capital covenants on its senior secured notes. On March 27, 2024, the holders of the senior secured notes waived the December 31, 2023 covenants and modified the minimum requirements of the financial debt covenants beginning with the first quarter ending March 31, 2024. Management expects to be in compliance with all debt covenants in future periods.

Our ability to meet ongoing cash requirements, service debt and pay dividends may be limited by our holding company structure and regulatory constraints restricting dividends or other distributions by our Insurance Company Subsidiaries.

We are a holding company that transacts the majority of our business through our Insurance Company Subsidiaries and, as a result, our principal sources of funds are payments from our Insurance Company Subsidiaries, including intercompany service fees and dividends. Our ability to meet our obligations on our outstanding debt and pay our expenses, depends on continuing to receive sufficient funds from our Insurance Company Subsidiaries. We have met our outstanding cash flow obligations at the holding company level primarily through intercompany service fees we receive as well as direct expense reimbursements. We may also use dividends from our Insurance Company Subsidiaries, however, insurance regulations limit such dividend payments. At this time any dividend payment from our Insurance Company Subsidiaries would need prior regulatory approval. Any significant reduction in the intercompany service fees we receive, and any regulatory or other limitations on the payment of dividends to us from our Insurance Company Subsidiaries, may adversely affect our ability to meet our debt obligations and pay our expenses.

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Legal and Regulatory Risks

We are subject to extensive regulation, which may adversely affect our ability to achieve our business objectives. In addition, if we fail to comply with these regulations, we may be subject to penalties, including fines and suspensions, which may adversely affect our financial condition and results of operations.

As a holding company which owns insurance companies domiciled in the United States, we and our admitted Insurance Company Subsidiaries are subject to extensive regulation, primarily by Michigan (the domiciliary state for CIC and WPIC) and to a lesser degree, the other jurisdictions in which we operate. Most insurance regulations are designed to protect the interests of insurance policyholders, as opposed to the interests of shareholders. These regulations generally are administered by a department of insurance in each state and relate to, among other things, authorizations to write certain lines of business, capital and surplus requirements, reserve requirements, rate and form approvals, investment and underwriting limitations, affiliate transactions, dividend limitations, cancellation and non-renewal of policies, changes in control, solvency and a variety of other financial and non-financial aspects of our business. These laws and regulations are regularly re-examined and any changes in these laws and regulations or new laws may be more restrictive, could make it more expensive to conduct business or otherwise adversely affect our operations. State insurance departments also conduct periodic examinations of the affairs of insurance companies and require the filing of annual and other reports relating to financial condition, holding

company issues and other matters. These regulatory requirements may impose timing and expense or other constraints that could adversely affect our ability to achieve some or all of our business objectives.

In addition, regulatory authorities have broad discretion to deny or revoke licenses for various reasons, including the violation of regulations. In some instances, where there is uncertainty as to applicability, we follow practices based on our interpretations of regulations or practices that we believe are generally followed by the industry. These practices may turn out to be different from the interpretations of regulatory authorities. If we do not have the requisite licenses and approvals or do not comply with applicable regulatory requirements, insurance regulatory authorities could preclude or temporarily suspend us from carrying on some or all of our activities or otherwise penalize us. This could adversely affect our ability to operate our business.

The admitted market is subject to more state regulation than the E&S market, particularly with regard to rate and form filing requirements, restrictions on the ability to exit lines of business, premium tax payments and membership in various

state associations, such as guaranty associations. Some states have deregulated their commercial insurance markets. We cannot predict the effect that further deregulation would have on our business, financial condition or results of operations.

The State of Michigan has adopted the NAIC's calculation to measure the adequacy of statutory capital of U.S.-based insurers, known as RBC. The RBC calculation establishes the minimum amount of capital necessary for a company to support its overall business operations. Insurers falling below a calculated threshold may be subject to varying degrees of regulatory action, including supervision, rehabilitation or liquidation. Failure to maintain adequate RBC at the required levels could adversely affect the ability of our Insurance Company Subsidiaries to maintain regulatory authority to conduct their business.

The State of Michigan has adopted the NAIC's holding company act and regulations. This act requires, among other things, that:

- An insurance holding company system's ultimate controlling person submit an annual enterprise risk report to its domiciliary state insurance regulator which identifies activities, circumstances or events involving one or more affiliates of an insurer that may have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance holding company system as a whole,

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- A controlling person to submit prior notice to its domiciliary insurance regulator of a divestiture of control, and
- Insurers comply with certain minimum requirements for cost sharing and management agreements between the insurer and its affiliates.

The State of Michigan also adopted the NAIC's Risk Management and Own Risk and Solvency Assessment Model Act (the "ORSA Model Act"). The ORSA Model Act requires that an insurance holding company system's Chief Risk Officer to submit annually to its domiciliary regulator an Own Risk and Solvency Assessment Summary Report ("ORSA"). The ORSA is a confidential internal assessment conducted by that insurer of the material and relevant risks identified by the insurer associated with the insurer's current business plan and the sufficiency of capital resources to support those risks. The Company is currently exempt from providing an ORSA summary report as it does not meet the minimum premium requirements. We may be required to comply with this requirement in the future if our gross written premium exceeds $500 million annually.

We cannot predict the impact these requirements or any other regulatory requirements may have on our business, financial condition or results of operations.

Our Insurance Company Subsidiaries are subject to minimum capital and surplus requirements. Failure to meet these requirements could subject us to regulatory action.

Our Insurance Company Subsidiaries are subject to minimum capital and surplus requirements imposed under the laws of their respective states of domicile and each state in which they issue policies. As of December 31, 2022, our Insurance Company Subsidiaries were in compliance with all such reserves. Any failure by one of our Insurance Company Subsidiaries to meet minimum capital and surplus requirements will subject it to corrective action. This may include requiring the adoption of a comprehensive financial plan, revocation of its license to sell insurance products or placing the subsidiary under state regulatory control. It may also result in our Insurance Company Subsidiaries being limited in their ability to make a dividend to us and could be a factor in causing rating agencies to downgrade our ratings. Any new

minimum capital and surplus requirements adopted in the future may require us to increase the capital and surplus of our Insurance Company Subsidiaries, which we may not be able to do.

As of December 31, 2023, CIC fell within the Company Action Level and WPIC fell within the Regulatory Action Level of the RBC formula. WPIC also fell below two other regulatory thresholds which are necessary to stay in compliance. Management is required to provide a plan to its domiciliary regulator that shows how the Companies will get above the minimum level requirements. Management believes that the planned reduction in premium anticipated by a strategic shift to use third-party insurers for substantially all of its commercial lines business will be sufficient to bring the Companies back into compliance by December 31, 2024. Management expects to substantially cease all writings in WPIC by the end of the second quarter of 2024. For more information about Management's strategic shift to non-risk bearing revenue, see Item 1 ~ *Business* and Item 7 ~ *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

We may become subject to additional government or market regulation which may have a material adverse impact on our business.

Market disruptions like those experienced during the credit-driven financial market collapse in 2008, as well as the dramatic increase in the capital allocated to alternative asset management during recent years, have led to increased governmental as well as self-regulatory scrutiny of the insurance industry in general. In addition, certain legislation proposing greater regulation of the industry is periodically considered by governing bodies of some jurisdictions.

Our business could be adversely affected by changes in state laws, including those relating to asset and reserve valuation requirements, surplus requirements, limitations on investments and dividends, enterprise risk and RBC requirements and, at

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the federal level, by laws and regulations that may affect certain aspects of the insurance industry, including proposals for preemptive federal regulation. The U.S. federal government generally has not directly regulated the insurance industry except for certain areas of the market, such as insurance for flood, nuclear and terrorism risks. However, the federal government has undertaken initiatives or considered legislation in several areas that may affect the insurance industry, including tort reform and corporate governance. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") also established the Federal Insurance Office, which is authorized to study, monitor and report to Congress on the insurance industry and to recommend that the Financial Stability Oversight Council (the "FSOC") designate an insurer as an entity posing risks to U.S. financial stability in the event of the insurer's material financial distress or failure. In December 2013, the Federal Insurance Office issued a report on alternatives to modernize and improve the system of insurance regulation in the United States, including increasing national uniformity through either a federal charter or effective action by the states. Any additional regulations established as a result of the Dodd-Frank Act or actions in response to the Federal Insurance Office Report could increase our costs of compliance or lead to disciplinary action. In addition, legislation has been introduced from time to time that, if enacted, could result in the federal government assuming a more direct role in the regulation of the insurance industry, including federal licensing in addition to or in lieu of state licensing and reinsurance for natural catastrophes. We are unable to predict whether any legislation will be enacted or any regulations will be adopted, or the effect any such developments could have on our business, financial condition or results of operations.

It is impossible to predict what, if any, changes in the regulations applicable to us, the markets in which we operate, trade and invest or the counterparties with which we do business may be instituted in the future. Any such regulation could have a material adverse impact on our business.

The effect of emerging claim and coverage issues on our business is uncertain.

As industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect our business by either broadening coverage beyond our underwriting intent or by increasing the number or size of claims. In some instances, these changes may not become apparent until sometime after we have issued insurance contracts that are affected by the changes. As a result, the full extent of liability under our insurance contracts may not be known for many years after a contract is issued.

Rating Agency Risks

A decline in our financial strength rating may result in a reduction of new or renewal business. an adverse effect on our business, financial condition and operating results.

Participants in the insurance industry use ratings from independent ratings agencies, such as A.M. Best Company, Inc. ("A.M. Best") and Kroll Bond Rating Agency ("Kroll") as an important means of assessing the financial strength and quality of insurers. In setting their ratings, A.M. Best and Kroll utilize a quantitative and qualitative analysis of a company's balance sheet strength, operating performance and business profile. These analyses include comparisons to peers and industry standards as well as assessments of operating plans, philosophy and management. For A.M. Best, the ratings range from A++, or superior, to F for in liquidation. Kroll's ratings range from AAA (extremely strong) to R (under regulatory supervision). As of

On March 25, 2024, Kroll downgraded the filing date of this Annual Report on Form 10-K, A.M. Best has assigned financial strength ratings of B+ with a stable outlook for CIC and WPIC. Kroll has given CIC an insurance financial strength rating of BB- with a negative outlook. Kroll has given WPIC an insurance financial strength rating of B with a negative outlook. A BB- and a B rating indicates that the insurer's financial condition is low quality. Concurrently, the Company withdrew its participation in the rating process, and shall be non-rated by Kroll going forward.

On March 14, 2024, A.M. Best downgraded the financial strength ratings of CIC and WPIC to C. A rating of B+ C means A.M. Best considers both companies to have a "good" "weak" ability to meet ongoing financial obligations. Kroll has given CIC Concurrently, the Company withdrew its

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participation in the rating process, and WPIC an insurance financial strength rating of BBB+ with a stable outlook as of the date of this Annual Report on Form 10-K. A BBB+ rating indicates that the insurer's financial condition is adequate. shall be non-rated by A.M. Best going forward.

A.M. Best and Kroll assign ratings that are intended to provide an independent opinion of an insurance company's ability to meet its financial obligations to policyholders and such ratings are not evaluations directed to investors. A.M. Best and Kroll periodically review our ratings and may revise ratings downward or revoke them at their sole discretion based primarily on their analyses of our balance sheet strength (including capital adequacy and loss and loss adjustment expense reserve adequacy), operating performance and business profile. Factors that could affect such analyses include but are not limited to:

- If unfavorable financial, regulatory or market trends affect us, including excess market capacity;
- If we incur operating losses or significant investment portfolio losses;
- If we have unresolved issues with government regulators;

- If we are unable to retain our senior management or other key personnel;
- If A.M. Best or Kroll alters its capital adequacy assessment methodology in a manner that would adversely affect our rating.

In addition, with a heightened level of scrutiny placed on many financial institutions (including insurance companies) in recent years, rating agencies may increase the capital and other requirements to maintain certain ratings levels. These and other factors could result in a downgrade of our rating. A The recent downgrade and withdrawal of our rating could cause our current and future agents, retail brokers and insureds to choose other, more highly-rated competitors. A downgrade of this rating competitors and could also increase the cost or reduce the availability of reinsurance to us. A downgrade or withdrawal of any rating Furthermore, these recent developments could severely limit or prevent us from writing new and renewal insurance contracts and would may have a material adverse effect on our financial condition and results of operations.

We are subject to assessments and other surcharges from state guaranty funds, and mandatory state insurance facilities, which may reduce our profitability.

Our Insurance Company Subsidiaries are subject to assessments in most states where we are licensed for the provision of funds necessary for the settlement of covered claims under certain policies provided by impaired, insolvent or failed insurance companies. These assessments are levied by guaranty associations within the state in proportion to the premiums written by member insures in the lines of business in which the impaired, insolvent or failed insurer was engaged. Maximum contributions required by law in any one year vary by state, and have historically been less than one percent of annual premiums written. We cannot predict with certainty the amount of future assessments because they depend on factors outside

our control, such as insolvencies of other insurance companies. Significant assessments could have a material adverse effect on our financial condition and results of operations.

General Risk Factors

The price of our common stock may be volatile and limited public float and low trading volume for our shares may have an adverse impact on the share price or make it difficult to liquidate.

The trading price of our common stock may be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control and may not be related to our operating performance. These fluctuations could be significant and could cause a loss in the amount invested in our shares of common stock.

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In addition, the stock market in general, and the market for insurance companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. At times, securities class action litigation has been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. This litigation, if instituted against us, could result in substantial costs, divert our management's attention and resources, and harm our business, operating results, and financial condition.

As a result of these factors, investors in our common stock may not be able to resell their shares at or above their purchase price or may not be able to resell them at all. These market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and the trading volume of our common stock remain low.

Our common stock may be delisted from The Nasdaq Stock Market if we cannot maintain compliance with Nasdaq's continued listing requirements.

On October 23, 2023, the Company received a letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") indicating that, based upon the closing bid price of the Company's common stock for the last 30 consecutive business days and its number of publicly held shares, the Company no longer met Nasdaq Listing Rule 5450(b)(1)(C), which requires listed companies to maintain a minimum market value of publicly held shares ("MVPHS") of at least $5.0 million.

Nasdaq Listing Rule 5810(c)(3)(D) provides a compliance period of 180 calendar days, or until April 22, 2024 (the "First Compliance Date"), in which to regain compliance with this requirement. In March 2024, we applied to transfer the listing of our common stock from the Nasdaq Global Market to the Nasdaq Capital Market. Nasdaq approved our application effective on March 19, 2024, and the listing of our common stock transferred to the Nasdaq Capital Market effective as of the opening of business on March 21, 2024. Our common stock is currently listed on The Nasdaq Capital Market.

If we fail to satisfy the continued listing requirements of The Nasdaq Capital Market, The Nasdaq Capital Market may take steps to delist our common stock, which could have a materially adverse effect on our ability to raise additional funds as well as the price and liquidity of our common stock. Such a delisting would likely have a negative effect on the price of our common stock and would impair our stockholders' ability to sell or purchase our common stock when they wish to do so. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing requirements would allow our common stock to become listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below the Nasdaq minimum bid price requirement, or prevent future non-compliance with The Nasdaq Capital Market's listing requirements.

We may require additional capital in the future, which may not be available or available only on unfavorable terms.

Our future capital requirements depend on many factors, including our ability to grow premium volume and underwrite the business profitably. To the extent that our existing capital is insufficient, we may need to raise additional capital in the future through offerings of debt or equity securities or otherwise to:

- Fund liquidity needs caused by underwriting or investment losses;
- Replace capital lost in the event of significant losses or adverse reserve development;
- Satisfy letters of credit or guarantee bond requirements that may be imposed by our clients or by regulators;

- Meet rating agency or regulatory capital requirements; or
- Respond to competitive pressures.

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Additionally, since the Company is no longer rated by Kroll or A.M. Best, following the Company's withdrawal from the rating process, the absence of credit ratings on our outstanding securities could impact our ability to obtain additional debt or hybrid capital at reasonable terms or at all. Credit ratings are an opinion by third parties of our financial strength and ability to meet ongoing obligations to our future policyholders. The lack of a credit rating may make it difficult for investors to evaluate an investment in our securities and for us to raise additional capital in the future on acceptable terms or at all.

Any equity or debt financing, if available at all, may be on terms that are unfavorable to us. Furthermore, any additional capital raised through the sale of equity could dilute your ownership interest in the Company and may cause the value of our shares to decline. Additional capital raised through the issuance of debt may result in creditors having rights, preferences and privileges senior or otherwise superior to those of the holders of our shares and may limit our flexibility in operating our business and make it more difficult to obtain capital in the future. Disruptions, uncertainty, or volatility in the capital and credit markets may also limit our access to capital required to operate our business. If we are not able to obtain adequate capital, our business, financial condition and results of operations could be materially adversely affected.

We cannot assure you that we will declare or pay dividends on our common shares in the future so any returns may be limited to the value of our stock.

We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to shareholders will therefore be limited to appreciation in value of their stock, if any.

In addition, any determination to declare or pay future dividends to our shareholders will be at the discretion of our Board board of directors ("Board") and will depend on a variety of factors, including (1) our financial condition, liquidity, results of operations (including our ability to generate cash flow in excess of expenses and our expected or actual net income), retained earnings and collateral and capital requirements, (2) general business conditions, (3) legal, tax and regulatory limitations, (4) contractual prohibitions and other restrictions, (5) the effect of a dividend or dividends upon our financial strength ratings and (6) any other factors that our Board deems relevant.

Our principal shareholders and management own a significant percentage of our stock and are able to exert significant control over matters subject to shareholder approval.

As of December 31, 2022 December 31, 2023, our executive officers, directors, 5% shareholders and their affiliates owned approximately 69.3% 71.7% of our voting stock. Therefore, these shareholders have the ability to influence us through their ownership position. These shareholders may be able to significantly influence all matters requiring shareholder approval. For example, these shareholders may be able to significantly influence elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our shareholders.

We incur significant costs as a result of operating as a public company, and our management is required to devote substantial time to related compliance initiatives.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, we are subject to the reporting requirements of the Exchange Act, which require, among other things, that we file with the SEC, annual, quarterly and current reports with respect to our business and financial condition. We are also subject to other reporting and corporate governance requirements, including certain requirements of Nasdaq and provisions of the Sarbanes-Oxley Act and the regulations promulgated thereunder, which imposes significant compliance obligations upon us.

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The Sarbanes-Oxley Act and the Dodd-Frank Act, as well as rules subsequently implemented by the SEC and Nasdaq, have increased regulation of, and imposed enhanced disclosure and corporate governance requirements on, public companies. Our efforts to comply with these laws, regulations and standards have increased our operating costs and may divert management's time and attention from revenue-generating activities.

Other expenses associated with being a public company include increases in auditing, accounting and legal fees and expenses, investor relations expenses, increased directors' fees and director and officer liability insurance costs, registrar and transfer agent fees and listing fees, as well as other expenses.

Certain provisions of our corporate governance documents and Michigan law could discourage, delay or prevent a merger or acquisition at a premium price.

Our amended and restated articles of incorporation and bylaws contain provisions that may make the acquisition of our Company more difficult without the approval of our board of directors (our "Board"). Board. These include provisions that, among other things:

- Permit the Board to issue up to 10 million shares of preferred stock, with any rights, preferences and privileges as they may determine (including the right to approve an acquisition or other change in control);
- Provide that the authorized number of directors may be fixed only by the Board in accordance with our amended and restated bylaws;
- Do not provide for cumulative voting rights (therefore allowing the holders of a majority of the shares entitled to vote in any election of directors to elect all of the directors standing for election);
- Provide that all vacancies and newly created directorships may be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- Prohibit removal of directors without cause;
- Prohibit shareholders from calling special meetings of shareholders;
- Requires unanimous consent for shareholders to take action by written consent without approval of the action by our Board;
- Provide that shareholders seeking to present proposals before a meeting of shareholders or to nominate candidates for election as directors at a meeting of shareholders must provide advance notice in writing and also comply with specified requirements related to the form and content of a shareholder's notice;
- Require at least 80% supermajority shareholder approval to alter, amend or repeal certain provisions of our amended and restated articles of incorporation; and
- Require at least 80% supermajority shareholder approval in order for shareholders to adopt, amend or repeal our amended and restated bylaws

These provisions may frustrate or prevent any attempts by our shareholders to replace or remove our current management by making it more difficult for shareholders to replace members of the Board, which is responsible for appointing members of our management.

In addition, our 2015 Omnibus Incentive Plan permits the Board or a committee thereof to accelerate, vest or cause the restrictions to lapse with respect to outstanding equity awards, in the event of, or immediately prior to, a change in control. Such vesting or acceleration could discourage the acquisition of our Company.

We could also become subject to certain anti-takeover provisions under Michigan law which may discourage, delay or prevent someone from acquiring us or merging with us, whether or not an acquisition or merger is desired by or beneficial to our shareholders. If a corporation's board of directors chooses to "opt in" to certain provisions of Michigan Law, such corporation may not, in general, engage in a business combination with any beneficial owner, directly or indirectly, of 10% of the corporation's outstanding voting shares unless the holder has held the shares for five years or more

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or, among other things, the board of directors has approved the business combination. Our Board has not elected to be subject to this provision, but could do so in the future. Any provision of our amended and restated articles of incorporation or bylaws or Michigan law that has the effect of delaying or deterring a change in control could limit the opportunity for our shareholders to receive a premium for their shares, and could also affect the price that some investors are willing to pay for our common stock otherwise.

Our ability to meet our obligations on our outstanding debt, including making principal and interest payments on the New Public Notes and the Subordinated Senior Secured Notes, may be limited by our holding company structure and regulatory constraints restricting dividends or other distributions by our Insurance Company Subsidiaries.

We are a holding company that transacts the majority of our business through our Insurance Company Subsidiaries and, as a result, our principal sources of funds are payments from our Insurance Company Subsidiaries, including intercompany service fees and dividends. Our ability to meet our obligations on our outstanding debt obligations, including making principal and interest payments on the Notes, depends on continuing to receive sufficient funds from our Insurance Company Subsidiaries. We have met our outstanding debt obligations primarily through intercompany service fees we receive. We may also use dividends from our Insurance Company Subsidiaries, however, insurance regulations limit such dividend payments. Dividend payments may be further constrained by rating agency capital requirements or other business considerations. As a result, our ability to use dividends as a source of funds to meet our debt obligations may be significantly limited. Any significant reduction in the intercompany service fees we receive, and any regulatory and other limitations on the payment of dividends to us by our Insurance Company Subsidiaries, may adversely affect our ability to pay interest on the Notes as it comes due and the principal of the Notes at their maturity.

Although the New Public Notes are currently listed on Nasdaq, the trading market for the New Public Notes may be limited, which could affect the market price of the New Public Notes or your ability to sell them.

Although the Notes are currently listed on Nasdaq, we cannot provide any assurances that it will remain on Nasdaq or that an active trading market will exist for the Notes or that you will be able to sell your Notes. The Notes may trade at a discount to their face value depending on access to markets, prevailing interest rates, the market for similar securities, our credit ratings, general economic conditions, our financial condition, performance and prospects and other factors. We cannot assure you that a liquid trading market will be available for the Notes, that you will be able to sell the Notes at a particular time or that the price you receive when you sell will be favorable. To the extent an active trading market does not exist, the liquidity and trading price for the Notes may be harmed.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the New Public Notes.

Any default under the agreements governing our indebtedness, including other indebtedness to which we may be a party that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness could make us unable to pay principal and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under any other debt

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we may incur in the future could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation.

There are limited covenants in the Indenture relating to our Notes.

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In addition to our currently outstanding indebtedness and other liabilities, the Indenture does not restrict us or our subsidiaries from incurring additional debt or other liabilities, including additional senior debt or secured debt under our secured credit facilities. If we incur additional debt or liabilities, our ability to pay the obligations on the Notes could be adversely affected.

Our indebtedness, including the indebtedness we or our subsidiaries may incur in the future, could have important consequences for the holders of the Notes, including:

- limiting our ability to satisfy our obligations with respect to the Notes;
- increasing our vulnerability to general adverse economic and industry conditions;

- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, and other general corporate requirements;
- requiring a substantial portion of our cash flow from operations for the payment of principal of, and interest on, our indebtedness and thereby reducing our ability to use our cash flow to fund working capital, capital expenditures and general corporate requirements; and
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and putting us at a disadvantage compared to competitors with less indebtedness.

In addition, we have limited restrictions under the Indenture from granting security interests in our assets, paying dividends or issuing or repurchasing securities.

Moreover, the Indenture does not require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity and, accordingly, does not protect holders of the Notes in the event that we experience material adverse changes in our financial condition or results of operations. Holders of the Notes have limited protection under the Indenture in the event of a highly leveraged transaction, reorganization, default under our existing indebtedness, restructuring, merger or similar transaction.

For these reasons, you should not consider the covenants in the Indenture a significant factor in evaluating whether to invest in the Notes.

The Notes are structurally subordinated to the indebtedness and other liabilities of our subsidiaries.

The Notes are obligations exclusively of Conifer Holdings, Inc. and not of any of our subsidiaries. None of our subsidiaries is a guarantor of the Notes and the Notes are not guaranteed by any subsidiary we may acquire or create in the future. Any assets of our subsidiaries will not be directly available to satisfy the claims of our creditors, including holders of the Notes. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the Notes are structurally subordinated to all indebtedness and other liabilities of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish. Our subsidiaries may incur substantial indebtedness in the future, all of which would be structurally senior to the Notes.

Volatility in the market price and trading volume of our common stock could adversely impact the trading price of the Notes.

The market price of our common stock could fluctuate significantly for many reasons, including in response to the risks described in this section or any number of our financial filings or disclosures or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our customers, competitors or suppliers

regarding their own performance, as well as industry conditions and general financial, economic and political instability. A decrease in the market price of our common stock could adversely impact the trading price of the Notes.

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We may redeem the Notes before maturity, and holders of the redeemed Notes may be unable to reinvest the proceeds at the same or a higher rate of return.

We may redeem all or a portion of the Notes. If redemption does occur, holders of the redeemed Notes may be unable to reinvest the money received in the redemption at a rate that is equal to or higher than the rate of return on the Notes.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Identifying, assessing and managing cybersecurity risks is an important component of Conifer's overall enterprise risk management program. As with the management of risks generally, given our holding company structure, the management of cybersecurity risks involves coordination between the Company and its consolidated subsidiaries.

The Company and each of its consolidated subsidiaries are responsible for developing a cybersecurity program appropriate for their respective businesses. The design of these cybersecurity programs is informed by the Center for Internet Security Critical Security Controls framework ("CISCSC"). This does not imply that these programs meet all specifications of CISCSC, but rather that we use them as a guide to help us identify, assess and manage cybersecurity risks relevant to our business. The cybersecurity programs developed by the Company and its consolidated subsidiaries include, among other things, (i) advanced threat protection and detection systems; (ii) vulnerability scanning and testing of network defenses; (iii) user authentication, role-based access, and privileged access management; (iv) data encryption, loss prevention, backup and recovery mechanisms; (v) employee training; (vi) disaster recovery testing and (vii) security assessments of third-party service providers.

Our cybersecurity risk management program is part of our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents in the past three fiscal years, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition.

Cybersecurity Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee oversight of cybersecurity and other information technology risks. The Audit Committee oversees management's implementation of our cybersecurity risk management program.

Our management team, including our Chief Information Officer, is responsible for assessing and managing our material risks from cybersecurity threats.

ITEM 2. PROPERTIES

We lease office space in Troy, Michigan, where our principal executive office is located. We also lease offices in Southfield, Michigan; Jacksonville and Miami, Florida. We believe that our facilities are adequate for our current needs and that suitable additional or substitute space will be available as needed.

ITEM 3. LEGAL PROCEEDINGS

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We are party to legal proceedings which arise in the ordinary course of business. We believe that the outcome of such matters, individually and in the aggregate, will not have a material adverse effect on our consolidated financial position, operating results or liquidity.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Shareholder Information

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Corporate Counsel

Honigman, Miller Schwartz and Cohn, LLP

600 660 Woodward Avenue

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Shareholder Relations and Form 10-K

A copy of our 2022 2023 Annual Report and Form 10-K, as filed with the Securities and Exchange Commission, may be obtained upon written request to our Financial Reporting Department at our corporate headquarters at ir@cnfrh.com.

Share Price and Dividend Information

Our common stock is traded on the Nasdaq under the symbol “CNFR.” The following table sets forth the high and low sale prices of our common shares as reported by the Nasdaq for each period shown:

	High	Low
2021		
First Quarter	4.82	2.80
Second Quarter	4.08	2.50
Third Quarter	4.33	2.51
Fourth Quarter	3.07	2.10
2022		
First Quarter	2.50	2.16

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Second Quarter	2.44	1.38
Third Quarter	2.20	1.43
Fourth Quarter	2.32	1.34

Policy

Neither Michigan law nor our amended and restated articles of incorporation requires our board of directors Board to declare dividends on our common stock. Conifer Holdings, Inc. is a holding company that has no substantial revenues of its own, and relies primarily on intercompany service fees, cash dividends or distributions from its subsidiaries to pay operating expenses, service debts, and pay dividends to shareholders. The payment of dividends by the Insurance Company Subsidiaries is limited under the laws and regulations of their respective state of domicile. These regulations stipulate the maximum amount of annual dividends or other distributions available to shareholders without prior approval of the relevant regulatory authorities. Any future determination to declare cash dividends on our common stock will be made at the discretion of the board of directors and will depend on the financial condition, results of operations, capital requirements, general business conditions and other factors that the board of directors Board may deem relevant. The Parent Company has not historically paid dividends and does not anticipate paying cash dividends on its common stock for the foreseeable future.

For additional information regarding dividend restrictions, refer to the *Liquidity and Capital Resources* section of *Management's Discussion and Analysis.*

Shareholders of Record

Our common stock is traded on The Nasdaq Capital Market under the symbol "CNFR." As of March 27, 2023 April 1, 2024, there were 27 26 shareholders of record of our common stock. A substantially greater number of holders are beneficial owners whose shares are held of record by banks, brokers and other nominees.

Repurchases of Company's Stock

On December 5, 2018, the Company's Board of Directors authorized a stock repurchase program, under which the Company may repurchase up to one million shares of the Company's common stock. Shares may be purchased in the open market or through negotiated transactions. The program may be terminated or suspended at any time, at the discretion of the Company. The Company may in the future enter into a Rule 10b5-1 trading plan to effect a portion of the authorized purchases, if criteria set forth in the plan are met. Such a plan would enable the Company to repurchase its shares during periods outside of its normal trading windows, when the Company typically would not be active in the market. The timing of purchases, and the exact number of any shares to be purchased, will depend on market conditions. The repurchase program does not include specific price targets or timetables. The company did not repurchase any shares of stock for the year ended December 31, 2022 December 31,

2023 related to the stock repurchase program. For the year ended December 31, 2022 December 31, 2023, the Company repurchased 1,968 shares of stock valued at approximately $4,000 $3,000 related to the vesting of the Company's restricted stock units. Upon the repurchase of the Company's shares, the shares remain authorized, but not issued or outstanding.

Recent Sales of Unregistered Securities

On December 20, 2023 (the "Initial Issue Date"), the Company issued $6.0 million of its newly designated Series A Preferred Stock (the "Series A Preferred Stock"), no par value, through a private placement of 1,000 shares of Series A Preferred Stock priced at $6,000 per share that matures on

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June 30, 2026 (the “Maturity Date”). The Series A Preferred Stock was sold to Clarkston 91 West LLC (the "Purchaser"), an entity affiliated with Gerald and Jeffrey Hakala, members of the Board of the Company. The sale of the Series A Preferred Stock was not registered under the Securities Act of 1933, as amended (the “Securities Act”), in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act and certain rules and regulations promulgated thereunder. The Series A Preferred Stock shall only be convertible for shares of the Company’s common stock, no par value, at the Maturity Date.

On the Maturity Date, each outstanding share of the Series A Preferred Stock, that has not otherwise been redeemed, shall automatically convert into 4,000 shares of the Company’s common stock, subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the common stock that occur after the Initial Issue Date (the “Automatic Conversion”). Upon the Automatic Conversion, the holder shall be deemed to be the holder of record of the Company’s common stock issuable upon such conversion.

In August 2022, the Company issued $5.0 million of common equity through a private placement of 2,500,000 shares priced at $2.00 per share. The participants in the private placement consisted of members of the Company's Board of Directors. Board.

No underwriters were involved in the foregoing sale of securities. The issuances of the securities described above were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act as transactions by an issuer not involving a public offering.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA [Reserved]

The following tables set forth selected consolidated historical financial information of Conifer Holdings, Inc. and Subsidiaries as of the dates and for the periods indicated. The selected financial data for the years ended December 31, 2022, 2021, 2020, 2019, and 2018 were derived from our audited consolidated financial statements and related notes thereto. 34

These historical results are not necessarily indicative of results to be expected for any future period. The following financial information should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition*

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and Results of Operations” and our consolidated financial statements and the related notes thereto included elsewhere in this report (dollars in thousands, except for per share data).

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Operating Results:					
Gross written premiums	$ 138,019	$ 132,095	$ 111,335	$ 101,853	$ 104,368
Ceded written premiums	(46,787)	(30,666)	(18,395)	(14,129)	(15,282)
Net written premiums	$ 91,232	$ 101,429	$ 92,940	$ 87,724	$ 89,086
Net earned premiums	$ 96,711	$ 98,802	$ 89,103	$ 89,089	$ 93,811
Net investment income	3,043	1,968	3,156	4,031	3,336
Net realized investment gains (losses)	(1,505)	2,878	8,126	1,196	61
Change in fair value of equity securities	403	(2,020)	228	(427)	121
Gain from VSRM Transaction	8,810	—	—	—	—
Loss portfolio transfer risk fee	(5,400)	—	—	—	—
Other gains (losses)	59	11,664	260	—	—
Other income	2,768	2,671	2,615	2,109	1,582

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Total revenue	104,889	115,963	103,488	95,998	98,911
Losses and loss adjustment expenses, net	81,440	69,861	56,228	59,744	62,515
Policy acquisition costs	22,179	28,451	26,105	24,911	25,534
Operating expenses	18,789	16,509	18,468	17,582	17,683
Interest expense	2,971	2,852	2,925	2,882	2,644
Total expenses	125,379	117,673	103,726	105,119	108,376
Income (loss) before income taxes	(20,490)	(1,710)	(238)	(9,121)	(9,465)
Equity earnings (losses) in affiliates, net of tax	368	824	839	386	290
Income tax expense (benefit)	(9,441)	208	6	(913)	52
Net income (loss)	(10,681)	(1,094)	595	(7,822)	(9,227)
Net income (loss) allocable to common shareholders	$ (10,681)	$ (1,094)	$ 595	$ (7,822)	$ (9,227)
Net income (loss) per share allocable to common shareholders, basic and diluted	$ (1.00)	$ (0.11)	$ 0.06	$ (0.88)	$ (1.08)
Weighted average common shares outstanding, basic and diluted	10,692,090	9,691,998	9,625,059	8,880,107	8,543,876

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Balance Sheet Data:					
Cash and invested assets	$ 165,432	$ 192,640	$ 191,400	$ 177,196	$ 150,894
Reinsurance recoverables	89,304	41,691	26,356	27,734	34,745
Total assets	312,350	290,404	261,597	247,265	232,752
Unpaid losses and loss adjustment expenses	165,539	139,085	111,270	107,246	92,807
Unearned premiums	67,887	65,269	56,224	51,503	52,852
Debt	33,876	33,564	40,997	35,824	33,502
Total liabilities	293,400	249,901	217,184	204,540	190,589
Total shareholders' equity	18,950	40,503	44,413	42,725	42,163
Other Data:					
Shareholders' equity per common share outstanding	$ 1.55	$ 4.17	$ 4.59	$ 4.45	$ 4.97
Regulatory capital and surplus (1)	59,922	63,854	64,066	59,561	63,993

	2022	2021	2020	2019	2018
Underwriting Ratios:					
Loss ratio	83.9%	70.5%	62.8%	66.8%	66.4%
Expense ratio	38.4%	42.4%	45.6%	44.0%	45.9%
Combined ratio	122.3%	112.9%	108.4%	110.8%	112.3%

(1) Regulatory and capital surplus is the excess of assets over liabilities of our Insurance Company Subsidiaries and is determined in accordance with statutory accounting principles as determined by the domiciliary state for each Insurance Company Subsidiary. In 2018, CIC issued a surplus note to WPIC for $10.0 million. The $10.0 million surplus note is eliminated from the combined regulatory capital and surplus balance as of December 31, 20 2021, 2020, 2019, and 2018.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements, related notes and other financial information appearing elsewhere in this Annual Report on Form 10-K, filed with the U. S. Securities and Exchange Commission ("SEC").

Forward-Looking Statements

Certain statements contained in this Annual Report on Form 10-K, which are not statements of historical fact, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, as Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements give current expectations or forecasts of future events or our future financial or operating performance. Words such as "anticipate," "believe," "estimate," "expect," "will," "intend," "may," "plan," "seek" Recent Developments and similar terms and phrases, or the negative thereof, may be used to identify forward-looking statements.

The forward-looking statements contained in this report are based on management's good-faith belief and reasonable judgment based on current information. The forward-looking statements are qualified by important factors, risks and uncertainties, many of which are beyond our control, which could cause our actual results to differ materially from those in the forward-looking statements, including those described above in Item 1A Risk Factors and subsequent reports filed with or furnished to the SEC. Any forward-looking statement made by us in this report speaks only as of the date hereof or as of the date specified herein. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable laws or regulations. Significant Transactions

Recent Developments Strategic Shift to Non Risk-Bearing Revenue

COVID-19

COVID-19 (the "Pandemic") caused significant disruption to public health, the global economy, financial markets, and commercial, social and community activity in general. As there has been Historically, our wholesale agency segment produced only a significant reduction in reported cases and correspondingly a reduction in government restrictions, we see reduced risk to our business. We continue to monitor potential risks the Pandemic may present including a potential resurgence. Our exposure to the Pandemic is manifold. The majority of our employees continue to work remotely however strict "shelter-in-place" or "stay-at-home" orders have been lifted. A significant small portion of our revenues are generated from the hospitality sector within the U.S. which remains under stress due gross written premiums. Beginning in 2024, our wholesale agency segment is being converted into a full managing general agency ("MGA") and is expected to the threats of resurgence and resource shortages that resulted from the Pandemic.

We have continued to provide customer service, process new and renewal business, handle claims and otherwise manage all operations even though the vast majority produce almost 100% of the staff is working remotely. To date, we have not seen a major disruption in our business as Company's gross written premiums. As a result of the Pandemic Insurance Company Subsidiaries lacking sufficient capital to continue to underwrite the volume of business they have historically written, we plan to utilize third-party insurers and currently do not rely mostly on commission revenues in our MGA, CIS. Substantially all of the Company's commercial lines business will be directly written by third-party insurers with A.M. Best ratings of A- or better by the end of the second quarter of 2024. We expect to see continue to underwrite the low-value homeowners business written in Texas and Midwest, however, we will be non-renewing all homeowners business written in Oklahoma by the end of the second half of 2024.

Utilizing third-party insurers as underwriters of our MGA-produced business will provide a material negative impact much broader reach for our existing profitable programs and we expect this to our financial position or results result in the production of operations substantially more premium volume for the agency segment generating more commission revenue. This shift will significantly reduce revenues from earned premiums in the near term and investment income, over time, for the Insurance Company Subsidiaries. Cash from operating activities will shift from premiums and investment income to revenues from commissions. Over time, cash from operating activities will be reduced as losses are paid on existing loss reserves which will be offset by cash flows increasing from investing activities as we sell investments to fund the loss payments. We believe this strategic shift is the best path forward to profitability for the Company.

Sale of Renewal Rights

In September 2023, the Company sold the renewal rights of one of its insurance programs to another insurer for $2.5 million in cash in addition to also agreeing to participate in the Company's issuance of new public debt in September 2023, by purchasing $5.0 million of the new debt. The program renewal rights which were sold and transferred provided mostly liability insurance to the security guard and alarm installation industries ("Security

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Program"). The program produced gross earned premiums of $55.9 million and $41.0 million in 2023 and 2022, respectively. The buyer began writing new and renewal policies for this program as of September 15, 2023. On September 30, 2023, the Company ceded 100% of its gross unearned premium of $30.9 million in the program to the buyer in return for an $8.4 million ceding commission. As of December 31, 2023, the Company retained $24.1 million of net cash owed to the buyer under a funds withheld provision which is recorded as a liability on the Consolidated Balance Sheets. The funds withheld balance is expected to be paid out as premiums are earned and related claims are paid. The Company incurred $135,000 in expense related to this transaction. As part of this transaction, five claims staff transferred employment to the buyer. The buyer will handle all of the Company's run-off claims for this program under a related claims administration agreement.

The Company recognized a net gain of $2.3 million, which is reflected in Gain from sale of renewal rights on the Consolidated Statements of Operations. As a result of the Pandemic. sale of renewal rights, the Company is no longer providing liability insurance to the security guard and alarm installation industries.

Debt Restructuring

The Company repaid all of the $24.4 million of public senior secured notes, issued in 2018, that matured on September 30, 2023. The Company funded the repayment of the senior unsecured notes through a combination of newly issued public notes which totaled $6.7 million, as well as exchanging a portion of the maturing notes for new notes totaling $11.2 million. The Company also restructured its $10.5 million subordinated debt into senior secured notes, paying down $500,000 of the outstanding debt. The maturity of the new senior secured notes was shortened to five years from September 30, 2038,

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to September 30, 2028, and there are now required quarterly principal payments of $250,000 with the balance due upon maturity, in addition to a requirement that net proceeds from any asset sales be applied against the principal balance of the senior secured notes. See Note 10 ~ *Debt* for further details.

VSRM Transaction

Prior to October 13, 2022, CIS, formally known as Sycamore, owned 50% of Venture Agency Holdings, Inc. ("Venture") and has accounted for its ownership under the equity method of accounting. On October 13, 2022, Sycamore CIS purchased the other 50% of Venture from an individual for $9.7 million. Following this purchase, Sycamore CIS owned 100% of Venture, which was then renamed to VSRM, Inc. ("VSRM"). VRSM and its two wholly owned subsidiaries, The Roots Insurance Agency, Inc. ("Roots") and Mitzel Insurance Agency, Inc. ("Mitzel") were incorporated into the Company's consolidated financial statements as of the date of the acquisition.

The Company recognized Sycamore's CIS' purchase of the individual's shares of VSRM as a step acquisition and revalued all assets and liabilities upon the acquisition date. This resulted in the recognition of an $8.8 million non-operating gain reported in the Consolidated Statements of Operations as Gain from VSRM Transaction in the fourth quarter of 2022. The Company also utilized $12.5 million of federal tax net operating losses carried forward and $14.8 million state tax net operating losses

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carried forward, for a net-of-tax benefit of $9.4 million. VSRM retained $8.9 million of debt, and $9.4 million of tax liabilities, as well as other smaller assets and liabilities that did not go with the transaction.

The fair value of the equity interest of VSRM immediately prior to the acquisition by Sycamore CIS was $10.1 million. The fair value techniques used to measure the fair value of VSRM included using the carrying value of all current assets and liabilities as their carrying values approximated their

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fair values. Intangible assets were reviewed based on recent valuations performed by third party valuation experts and the net realized proceeds received upon the sale of the Security & Alarm Business sold the following day.

On October 14, 2022, VSRM sold all of its security guard and alarm installation insurance brokerage business (the "Security & Alarm Business") to a third party insurance brokerage firm for $38.2 million. As part of the transaction, the individual who previously owned 50% of VSRM transitioned employment to the buyer, along with a team of approximately eight other employees of VSRM. The Company recognized this transaction as the sale of a business. Because all assets and liabilities were just adjusted to fair value from the step acquisition described above, the basis of the net assets sold equaled the net proceeds from the sale, thus there was no gain recognized upon the sale of the Security & Alarm Business.

On December 30, 2022, VSRM contributed its remaining business, including its two wholly owned subsidiaries (Mitzel and Roots) to a new wholly owned subsidiary, Sycamore Specialty Underwriters, LLC ("SSU"). The business contributed to SSU consisted of customer accounts of substantially all of the personal lines business and a small subset of the commercial lines business underwritten by the Insurance Company Subsidiaries, and all of the customer accounts VSRM produced for third-party insurers, other than the security guard and alarm installation brokerage business previously sold.

On December 31, 2022, Andrew D. Petcoff purchased 50% of SSU from VSRM, Inc. for $1,000. As a result, SSU and its two wholly owned subsidiaries, Roots and Mitzel, are no longer consolidated in the Company's consolidated financial statements as of December 31, 2022, and VSRM's investment in SSU is accounted for using the equity method. The net assets transferred to SSU had a fair value of $0 at the time of the contribution. There was no gain or loss recognized upon the sale of half of SSU to Mr. Petcoff. Included in the net assets transferred to SSU was a $1.0 million promissory note payable, a liability that was assumed by SSU. The note payable was an obligation that originated as part of the Venture Transaction described below, and is payable to CIC. Transaction. See Note 4 ~ *Sale of Certain Agency Business* for further *details*.

In order to determine the value of the portion of the business contributed to SSU, the Company obtained a third party valuation based on a weighting of discounted cash flows and earnings before interest, taxes, depreciation and amortization (EBITDA) multiple valuation methods. The valuation included significant estimates and assumptions related to (i) forecasted revenue and EBITDA and (ii) the selection of the EBITDA multiple and discount rate.

Sale of Certain Agency Business

On June 30, 2021, Sycamore sold to Venture Agency Holdings, Inc., a related party, the customer accounts and other related assets of some of its personal and commercial lines of business (the “Venture Transaction”). Sycamore will continue to produce various personal and commercial lines that it did not sell which is substantially all produced for, and underwritten by, our Insurance Company Subsidiaries. We recognized an $8.9 million gain on the sale which is reflected in Other Gains in the Consolidated Statement of Operations. In order to determine the value of the portion of the business sold, the Company obtained a third party valuation based on a weighting of discounted cash flows and earnings before interest, taxes, depreciation and amortization (EBITDA) multiple valuation methods. The valuation included significant estimates and assumptions related to (i) forecasted revenue and EBITDA and (ii) the selection of the EBITDA multiple and discount rate.

The purchase price was $10.0 million of which $1.0 million was paid in cash on June 30, 2021, and $9.0 million was in the form of two promissory notes (one for $6.0 million and one for $3.0 million). Both notes require interest-only quarterly payments at a per annum rate of 7.0%, with a five-year maturity. There are no prepayment penalties. On December 14, 2021, Venture paid off the $3.0 million note. On October 20, 2022, Venture paid down $5.0 million of the $6.0 million note.

The remaining $1.0 million promissory note was assumed by SSU as part of the contribution of business to SSU described above.

The assets sold included the customer accounts (mainly agency-related new and renewal rights) of substantially all of the personal lines business and a small subset of the commercial lines business underwritten by our Insurance Company Subsidiaries, and all of the customer accounts Sycamore produced for third-party insurers. The Venture Transaction included the transition of 21 employees from Conifer to Venture as well as necessary systems and office functions to operate the business. Venture did not assume any in-force business or liabilities. The business transitioned to Venture as it produced new or renewal business effective July 1, 2021. Our Insurance Company Subsidiaries continued to underwrite substantially all of the business we sold to Venture that we underwrote prior to the transaction.

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Loss Portfolio Transfer

On November 1, 2022, the Company entered into a loss portfolio transfer (“LPT”) reinsurance agreement with Fleming Reinsurance Ltd (“Fleming Re”). Under the agreement, Fleming Re will cover an aggregate limit of $66.3 million of paid losses on $40.8 million of stated net reserves as of June 30, 2022, relating to accident years 2019 and prior. This covers substantially all of the commercial liability lines underwritten by the Company. Within the aggregate limit, there is a $5.5 million loss corridor in which the Company retains losses in excess of $40.8 million. Fleming Re is then responsible to cover paid losses in excess of $46.3 million up to $66.3 million. Accordingly, there is $20.0 million of adverse development cover for accident years 2019 and prior. Under the agreement, Fleming Re was paid $40.8 million for stated net reserves as of June 30, 2022, plus a one-time risk fee of $5.4 million. Recoverables due to the Company under this agreement are recorded as reinsurance recoverables. The agreement is between CIC and WPIC and Fleming Re. As of December 31, 2022 December 31, 2023, the Company has recorded losses through the $5.5 million corridor and $644,000 $9.1 million into the $20.0 million layer.

The Company paid $25.0 million in cash on October 14, 2022, which was netted down for claims paid through September 30, 2022, totaling $7.6 million, and $13.6 million of funds withheld. Cash used in to fund the transaction was generated from the existing investment portfolios held by CIC and WPIC.

A.M. Best and Kroll

On April 21, 2022 March 25, 2024, Kroll downgraded the financial strength ratings of CIC and WPIC. Kroll has given CIC an insurance financial strength rating of BB- with a negative outlook. Kroll has given WPIC an insurance financial strength rating of B with a negative outlook. A BB- and a B rating indicates that the insurer's financial condition is low quality. Concurrently, the Company withdrew its participation in the rating process, and shall be non-rated by Kroll going forward.

On March 14, 2024, A.M. Best downgraded the Company's Long-Term Issuer Credit Rating (Long-Term ICR) from “bb” (Fair) financial strength ratings of CIC and WPIC to “bb-” (Fair), C. A rating of C means A.M. Best considers both companies to have a "weak" ability to meet ongoing financial obligations. Concurrently, the Company withdrew its participation in the rating process, and downgraded the Company’s insurance subsidiaries Financial Strength Rating from “B++” (Good) to “B+” (Good) and the Long-Term ICR from “bbb” (Good) to “bbb-” (Good). The outlook assigned to all these ratings shall be non-rated by A.M. Best was Stable. We do not believe the rating changes will have a material effect on our business.going forward.

Business Overview

We are an insurance holding company that markets and services our product offerings through specialty commercial and specialty personal insurance business lines. Our growth has been significant since our founding in 2009. Currently, we are authorized to write insurance as an excess and surplus lines carrier in 45 states, including the District of Columbia. We are licensed to write insurance as an admitted carrier in 42 states, including the District of Columbia, and we offer our insurance products in all 50 states.

Our revenues are primarily derived from premiums earned from our insurance operations. We also generate other revenues through investment income and other income which mainly consists of: installment fees and policy issuance fees generally related to the policies we write.

Our expenses consist primarily of losses and loss adjustment expenses, agents’ commissions, and other underwriting and administrative expenses. We organize our operations in three insurance businesses: commercial insurance lines, personal lines, and agency business. Together, the commercial and personal lines refer to “underwriting” operations that take insurance risk, and the agency business refers to non-risk insurance business.

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Through our commercial insurance lines, we offer coverage for both commercial property and commercial liability. We also offer coverage for commercial automobiles and workers' compensation. Our insurance policies are sold to targeted small and mid-sized businesses on a single or multiple-coverage basis.

Through our personal insurance lines, we offer homeowners insurance and dwelling fire insurance products to individuals in several states. Our specialty homeowners insurance product line is primarily comprised of low-value dwelling insurance tailored for owners of lower valued homes, which we offer in Illinois, Indiana and Texas.

Through our wholesale agency business segment, we offer commercial and personal lines insurance products for our Insurance Company Subsidiaries as well as third-party insurers. The wholesale agency business segment provides our agents

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with more insurance product options. However, as As a result of the sale of certain agency business on June 30, 2021, going forward, more recently our agency segment will was not be producing any significant amounts of business for third party insurers and will produce produced approximately 50% less business for the Insurance Company Subsidiaries. However, as discussed above, we expect the wholesale agency segment to become more prominent going forward as substantially all of our commercial lines business will be produced by the wholesale agency segment and underwritten by third-party insurers.

An advantage of using these third-party insurers is they will both have a minimum of an A- A.M. Best rating greatly improving our competitive edge in the marketplace.

As we transition to more of a MGA operation, revenues will be derived from commissions while insurance premiums and investment income will diminish over time. Cash flows from written premiums will decline quickly over the next two quarters and will be almost entirely comprised of the homeowners business by the third quarter of 2024. Concurrently, cash flows from commissions revenues will increase. As claims are settled, claim payments will be funded from the sale of investments within the Insurance Company Subsidiaries. Such claims payments will reduce cash flows provided by operating activities and will be offset by an increase in cash flows from investing activities as the investment portfolio is liquidated over time to fund the claim payments. Management may consider the sale of other assets to generate additional cash resources available to the Company.

There will be fewer claim payments as loss reserves run off. Other operating costs and commissions to retail agencies will fluctuate relatively similarly to the premiums produced by the MGA as they did when the premiums were written by the insurance companies. However, certain insurance company specific costs will decrease as the premium volume in the insurance company subsidiaries decreases. We expect that the net revenues generated in the MGA will provide the majority of the cash flows needed to cover operating and debt service costs going forward.

Critical Accounting Policies and Estimates

General

We identified the accounting estimates below as critical to the understanding of our financial position and results of operations. Critical accounting estimates are defined as those estimates that are both important to the portrayal of our financial condition and results of operations and which require us to exercise significant judgment. We use significant judgment concerning future results and developments in applying these critical accounting estimates and in preparing our consolidated financial statements. These judgments and estimates affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of material contingent assets and liabilities. Actual results may differ materially from the estimates and assumptions used in preparing the consolidated financial statements. We evaluate our estimates regularly using information that we believe to be relevant. See the Consolidated Financial Statements Note 1 ~ *Summary of Significant Accounting Policies,* for further details.

Unpaid Loss and Loss Adjustment Expense Reserves

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Our recorded loss and loss adjustment expenses ("LAE") reserves represent management's best estimate of unpaid loss and LAE at each balance sheet date, based on information, facts and circumstances known at such time. Our loss and LAE reserves reflect our estimates at the balance sheet date of:

- Case reserves, which are unpaid loss and LAE amounts that have been reported; and
- Incurred but not reported ("IBNR") reserves, which are (1) unpaid loss and LAE amounts that have been incurred but not yet reported; and (2) th expected development on case reserves.

We do not discount the loss and LAE reserves for the time value of money.

Case reserves are initially set by our claims personnel. When a claim is reported to us, our claims department completes a case-basis valuation and establishes a case reserve for the estimated amount of the probable ultimate losses and LAE

associated with that claim. Our claims department updates their case-basis valuations upon receipt of additional information and reduces case reserves as claims are paid. The case reserve is based primarily upon an evaluation of the following factors:

- The type of loss;
- The severity of injury or damage;
- Our knowledge of the circumstances surrounding the claim;
- The jurisdiction of the occurrence;
- Policy provisions related to the claim;

- Expenses intended to cover the ultimate cost of settling claims, including investigation and defense of lawsuits resulting from such claims, costs outside adjusters and experts, and all other expenses which are identified to the case; and
- Any other information considered pertinent to estimating the indemnity and expense exposure presented by the claim.

IBNR reserves are determined by subtracting case reserves and paid loss and LAE from the estimated ultimate loss and LAE. Our actuarial department develops estimated ultimate loss and LAE on a quarterly basis. Our Reserve Review Committee (which includes our Chief Executive Officer, President, Chief Financial Officer, other members of executive management, and key actuarial, underwriting and claims personnel) meets each quarter to review our actuaries' estimated ultimate expected loss and LAE.

We use several generally accepted actuarial methods to develop estimated ultimate loss and LAE estimates by line of business and accident year. This process relies on the basic assumption that past experience, adjusted for the effects of current developments and likely trends, is a reasonable basis for predicting future outcomes. These methods utilize various inputs, including:

- Written and earned premiums;
- Paid and reported losses and LAE;
- Expected initial loss and LAE ratio, which is the ratio of incurred losses and LAE to earned premiums; and
- Expected claim reporting and payout patterns based on our own loss experience and supplemented with insurance industry data where applicat

The principal standard actuarial methods used by our actuaries for their comprehensive reviews include:

- Loss ratio method—This method uses loss and LAE ratios for prior accident years, adjusted for current trends, to determine an appropriate expected loss and LAE ratio for a given accident year;

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- Loss development methods—Loss development methods assume that the losses and LAE yet to emerge for an accident year are proportional t the paid or reported loss and LAE amounts observed to-date. The paid loss development method uses losses and LAE paid to date, while the reported loss development method uses losses and LAE reported to date;
- Bornheutter-Ferguson method—This method is a combination of the loss ratio and loss development methods, where the loss development fact is given more weight as an accident year matures; and
- Frequency/severity method—This method projects claim counts and average cost per claim on a paid or reported basis for high frequency, low severity products.

Our actuaries give different weights to each of these methods based upon the amount of historical experience data by line of business and by accident year, and based on judgment as to what method is believed to result in the most accurate

estimate. The application of each method by line of business and by accident year may change in the future if it is determined that a different emphasis for each method would result in more accurate estimates.

Our actuaries also analyze several diagnostic measures by line of business and accident year, including but not limited to: reported and closed frequency and severity, claim reporting and claim closing patterns, paid and incurred loss ratio development, and ratios of paid loss and LAE to incurred loss and LAE. After the actuarial methods and diagnostic measures have been performed and analyzed, our actuaries use their judgment and expertise to select an estimated ultimate loss and LAE by line of business and by accident year.

Our actuaries estimate an IBNR reserve for our unallocated LAE not specifically identified to a particular claim, namely our internal claims department salaries and associated general overhead and administrative expenses associated with the adjustment and processing of claims. These estimates, which are referred to as unallocated loss adjustment expense

("ULAE") reserves, are based on internal cost studies and analyses reflecting the relationship of ULAE paid to actual paid and incurred losses. We select factors that are applied to case reserves and IBNR reserve estimates in order to estimate the amount of ULAE reserves applicable to estimated loss reserves at the balance sheet date.

We allocate the applicable portion of our estimated loss and LAE reserves to amounts recoverable from reinsurers under reinsurance contracts and report those amounts separately from our loss and LAE reserves as an asset on our balance sheet.

The estimation of ultimate liability for losses and LAE is a complex, imprecise and inherently uncertain process, and therefore involves a considerable degree of judgment and expertise. Our loss and LAE reserves do not represent an exact measurement of liability, but are estimates based upon various factors, including but not limited to:

- Actuarial projections of what we, at a given time, expect to be the cost of the ultimate settlement and administration of claims reflecting facts and circumstances then known;
- Estimates of future trends in claims severity and frequency;
- Assessment of asserted theories of liability; and
- Analysis of other factors, such as variables in claims handling procedures, economic factors, and judicial and legislative trends and actions.

Most or all of these factors are not directly or precisely quantifiable, particularly on a prospective basis, and are subject to a significant degree of variability over time. In addition, the establishment of loss and LAE reserves makes no provision for the broadening of coverage by legislative action or judicial interpretation or for the extraordinary future emergence of new types of losses not sufficiently represented in our historical experience or which cannot yet be quantified. As a result, an integral component of our loss and LAE reserving process is the use of informed subjective estimates and

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judgments about our ultimate exposure to losses and LAE. Accordingly, the ultimate liability may vary significantly from the current estimate. The effects of change in the estimated loss and LAE reserves are included in the results of operations in the period in which the estimate is revised.

Our reserves consist entirely of reserves for property and liability losses, consistent with the coverages provided for in the insurance policies directly written or assumed by us under reinsurance contracts. Several years may elapse between the occurrence of an insured loss, the reporting of the loss to us and our payment of the loss. The level of IBNR reserves in relation to total reserves depends upon the characteristics of the specific line of business, particularly related to the speed with which claims are reported and outstanding claims are paid. Lines of business for which claims are reported slowly will have a higher percentage of IBNR reserves than lines of business that report and settle claims more quickly.

The following table shows the ratio of IBNR reserves to total reserves net of reinsurance recoverables as of December 31, 2022 December 31, 2023 (dollars in thousands):

Line of Business	Case Reserves	IBNR Reserves	Total Reserves	Ratio of IBNR to Total Reserves
Commercial Lines	$ 36,354	$ 41,903	$ 78,257	53.5%
Personal Lines	2,944	1,687	4,631	36.4%
Total Lines	$ 39,298	$ 43,590	$ 82,888	52.6%

Reserves	Commercial Lines	Personal Lines	Total Lines
Gross case reserves	$ 69,380	$ 4,318	$ 73,698
Ceded case reserves	(19,001)	(1,826)	(20,827)
Net case reserves	50,379	2,492	52,871
Gross IBNR	99,658	1,256	100,914
Ceded IBNR	(49,980)	—	(49,980)
Net IBNR	49,678	1,256	50,934
Unpaid losses and loss adjustment expenses	169,038	5,574	174,612
Reinsurance recoverables on unpaid losses	(68,981)	(1,826)	(70,807)
Net unpaid losses and loss adjustment expenses	$ 100,057	$ 3,748	$ 103,805
Ratio of Gross IBNR to Unpaid losses and loss adjustment expenses	59.0%	22.5%	57.8%

Included in the reinsurance recoverables were reinsurance recoverables from the LPT which were $24.4 million $10.9 million of reinsurance recoverables on case reserves and $1.5 million of reinsurance recoverables on IBNR. reserves. All of the reinsurance recoverables from the LPT are included in commercial lines.

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Although we believe that our reserve estimates are reasonable, it is possible that our actual loss and LAE experience may not conform to our assumptions and may, in fact, vary significantly from our assumptions. Accordingly, the ultimate settlement of losses and the related LAE may vary significantly from the estimates included in our financial statements. We continually review our estimates and adjust them as we believe appropriate as our experience develops or new information becomes known to us. Such adjustments are included in current operations.

Our loss and LAE reserves do not represent an exact measurement of liability, but are estimates. The most significant assumptions affecting our IBNR reserve estimates are the loss development factors applied to paid losses and case reserves to develop IBNR by line of business and accident year. Although historical loss development provides us with an indication of future loss development, it typically varies from year to year. Thus, for each accident year within each line of business we select one loss development factor out of a range of historical factors.

We generated a sensitivity analysis of our net reserves which represents reasonably likely levels of variability in our selected loss development factors. We believe the most meaningful approach to the sensitivity analysis is to vary the loss development factors that drive the ultimate loss and LAE estimates. We applied this approach on an accident year basis, reflecting the reasonably likely differences in variability by level of maturity of the underlying loss experience for each accident year. Generally, the most recent accident years are characterized by more unreported losses and less information available for settling claims, and have more inherent uncertainty than the reserve estimates for more mature accident years. Therefore, we used variability factors of plus or minus 10% for the most recent accident year, 5% for the preceding accident year, and 2.5% for the second preceding accident year. There is minimal expected variability for accident years at four or more years' maturity.

The following table displays ultimate net loss and LAE and net loss and LAE reserves by accident year for the year ended December 31, 2022 December 31, 2023. We applied the sensitivity factors to each accident year amount and have calculated the amount of potential net loss and LAE reserve change and the impact on 2022 2023 reported pre-tax income and on net income and shareholders' equity at December 31, 2022 December 31, 2023. We believe it is not appropriate to sum the illustrated amounts as it is not reasonably likely that each accident year's reserve estimate assumptions will vary simultaneously in the same direction to the full extent of the sensitivity factor. The shareholders' equity amounts include an income tax rate assumption of 21%, however due to the net operating losses ("NOL") available to use against taxable income and the offsetting valuation

allowance, there is no difference between pre-tax income and shareholders' equity in this schedule. The dollar amounts in the table are in thousands.

As of December 31, 2022			Impact		As of December 31, 2023			Impact	
Net Ultimate Loss and LAE (1)	Net Loss and LAE Reserves (1)	Ultimate Loss and LAE Sensitivity Factor	Pre-Tax Income (2)	Shareholders' Equity (2)	Net Ultimate Loss and LAE (1)	Net Loss and LAE Reserves (1)	Ultimate Loss and LAE Sensitivity Factor	Pre-Tax Income (2)	Shareholders' Equity (2)

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Increased Ultimate Losses & LAE										
Accident Year 2023						$ 64,579	$ 37,578	10.0%	$ (6,458)	$ (5,102)
Accident Year 2022	57,136	$ 36,262	10.0%	$ (5,714)	$ (4,514)	62,985	28,804	5.0%	(3,149)	(2,488)
Accident Year 2021	52,152	22,840	5.0%	(2,608)	(2,060)	58,958	19,666	2.5%	(1,474)	(1,164)
Accident Year 2020	46,128	16,142	2.5%	(1,153)	(911)					
Prior to 2020 Accident Years	—	7,645	—%	—	—					
Prior to 2021 Accident Years						—	17,757	—%	—	—
Decreased Ultimate Losses & LAE										
Accident Year 2023						64,579	37,578	(10.0)%	6,458	5,102
Accident Year 2022	57,136	36,262	(10.0)%	5,714	4,514	62,985	28,804	(5.0)%	3,149	2,488
Accident Year 2021	52,152	22,840	(5.0)%	2,608	2,060	58,958	19,666	(2.5)%	1,474	1,164
Accident Year 2020	46,128	16,142	(2.5)%	1,153	911					
Prior to 2020 Accident Years	—	7,645	—%	—	—					
Prior to 2021 Accident Years						—	17,757	—%	—	—

(1) Represents amounts as of December 31, 2022 December 31, 2023.

(2) Represents how pre-tax income and shareholders' equity would change if the Net Ultimate Loss and LAE were to change by the percentage in the Ultimate Loss and LAE Sensitivity Factor column.

Investment Valuation and Impairment Credit Losses

We carry debt securities classified as available-for-sale available-for-sale at fair value, and unrealized gains and losses on such securities, totaled $13.3 million as of December 31, 2023, net of any deferred taxes, are reported as a separate component of accumulated other comprehensive income. Our equity securities that do not result in consolidation and are not accounted for under the equity method are measured at fair value and any changes in fair value are recognized in net income. We carry other equity investments that do not have a readily

determinable fair value at cost, less impairment and adjusted for observable price changes under the measurement alternative provided under GAAP. We review these the equity securities and other equity investments for impairment during each reporting period.

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We review available-for-sale debt securities for credit losses based on current expected credit loss methodology at the end of each reporting period. We do not have any securities classified as trading or held to maturity.

We evaluate our available-for-sale investments regularly At each quarter-end, for available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to determine sell or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through earnings.

For debt securities available-for-sale that do not meet the aforementioned criteria, the Company evaluates whether there have the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been declines recorded through an allowance for credit losses is recognized in value that other comprehensive income. Changes in the allowance for credit losses are other-than-temporary. recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when management believes the uncollectability of an available-for-sale

security is confirmed or when either of the criteria regarding intent or requirement to sell is met. Our outside investment managers assist us in this evaluation. When we determine that a security has experienced an other-than-temporary impairment, the impairment loss is recognized as a realized investment loss.

We consider a number of factors in assessing whether an impairment is other-than-temporary, including (1) the amount and percentage that current fair value is below cost or amortized cost, (2) the length of time that the fair value has been below cost or amortized cost and (3) recent corporate developments or other factors that may impact an issuer's near term prospects. In addition, for debt securities, we consider the credit quality ratings for the securities, with a special emphasis on securities downgraded to below investment grade. We also consider our intent to sell available-for-sale debt securities in an unrealized loss position, and if it is more likely than not that we will be required to sell these securities before a recovery in fair value to their cost or amortized cost basis.

Fair values are measured in accordance with ASC 820, *Fair Value Measurements*. The guidance establishes a framework for measuring fair value and a three-level hierarchy based upon the quality of inputs used to measure fair value. The three levels of the fair value hierarchy are: (1) Level 1: inputs are based on quoted prices (unadjusted) in active markets for identical assets or liabilities, (2) Level 2: inputs are other than quoted prices that are observable for the asset or liabilities, either directly or indirectly, for substantially the full term of the asset or liability and (3) Level 3: unobservable inputs that are supported by little or no market activity. The unobservable inputs represent the Company's best assumption of how market participants would price the assets or liabilities. The Company also has investment company limited partnership investments, which are measured at net asset value (NAV). The fair value of these investments is based on the capital account balances reported by the investment funds subject to their management review and adjustment. The capital account balances reflect the fair value of the investment funds.

The fair values of debt and equity securities have been determined using fair value prices provided by our investment managers, who utilize internationally recognized independent pricing services. The prices provided by the independent pricing services are generally based on observable market data in active markets (e.g., broker quotes and prices observed for comparable securities).

The values for publicly-traded equity securities are generally based on Level 1 inputs which use the market approach valuation technique. The values for debt securities generally incorporate significant Level 2 inputs. The carrying value of cash and short-term investments approximate their fair

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values due to their short-term maturity.

We review fair value prices provided by our outside investment managers for reasonableness by comparing the fair values provided by the managers to those provided by our investment custodian. We also review and monitor changes in unrealized gains and losses. We obtain an understanding of the methods, models and inputs used by our investment managers and independent pricing services, and controls are in place to validate that prices provided represent fair values. Our control process includes initial and ongoing evaluation of the methodologies used, a review of specific securities and an assessment for proper classification within the fair value hierarchy.

Income Taxes

As of December 31, 2022 December 31, 2023, we have federal and state income tax NOL net operating loss ("NOL") carryforwards of $65.6 million $80.8 million and $107.2 million $120.3 million, respectively. Of the NOL carryforwards, $50.4 million $78.2 million will expire in tax years 2030 through 2042 2043 and $15.2 million $10.3 million will never expire. Of the federal NOL amount, $7.6 million $19.5 million are subject to limitations under Section 382 of the Internal Revenue Code. These net NOL carryforwards are limited in the amount that can be utilized in any one year and may expire before they are realized. At this time we do not expect that any of the remaining NOL carryforwards will expire before utilized.

A valuation allowance of $21.7 million $28.0 million and $14.6 million $21.7 million has been recorded against the gross deferred tax assets as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively, as the Company has recognized a three-year cumulative loss as of December 31, 2022 December 31, 2023 which is significant negative evidence to support the lack of recoverability of those deferred tax assets in accordance

with ASC 740, *Income Taxes*. If the $21.7 million $28.0 million valuation allowance as of December 31, 2022 December 31, 2023 were reversed in the future, it would increase book value by $1.77 $2.29 per share. The net deferred tax assets were zero as of December 31, 2022 December 31, 2023 and 2021. 2022.

If, in the future, we determine we can support the recoverability of a portion or all of the deferred tax assets under the guidance, the tax benefits relating to any reversal of the valuation allowance on deferred tax assets will be accounted for as a reduction of income tax expense and result in an increase in equity. Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and our effective tax rate in the future.

Non-GAAP Financial Measures

Adjusted Operating Income (Loss) and Adjusted Operating Income (Loss) Per Share

Adjusted operating income (loss) and adjusted operating income (loss) per share are non-GAAP measures that represent net income allocable to common shareholders excluding net realized investment gains and losses, net of tax, (losses), change in fair value of equity securities, net the gain from sale of tax, renewal rights, the gain from VSRM Transaction, net of tax, the loss portfolio transfer risk fee net of tax, and other gains and losses, net of tax. (losses). The most directly comparable financial GAAP measures to adjusted operating income and adjusted operating income per share are net income and net income per share, respectively. Adjusted operating income and adjusted operating income per share are intended as supplemental information and are not meant to replace net income or net income per share. Adjusted operating income and adjusted operating income per share should be read in conjunction with the GAAP financial results. Our definition of adjusted operating income may be different from that used by other companies. The following is a reconciliation of net income to adjusted operating income (dollars in thousands), as well as net income per share to adjusted operating income per share:

	For the Years Ended December 31,

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	2022	2021	2020
Net income (loss)	$ (10,681)	$ (1,094)	$ 595
Less:			
Net realized investment gains (losses), net of tax	(1,505)	2,878	8,126
Change in fair value of equity securities, net of tax	403	(2,020)	228
Gain from VSRM Transaction, net of tax	8,810	—	—
Loss portfolio transfer risk fee, net of tax	(5,400)	—	—
Other gains (losses), net of tax	59	11,664	260
Adjusted operating income (loss)	$ (13,048)	$ (13,616)	$ (8,019)
Weighted average common shares, diluted	10,692,090	9,691,998	9,625,059
Diluted income (loss) per common share:			
Net income (loss)	$ (1.00)	$ (0.11)	$ 0.06
Less:			
Net realized investment gains (losses), net of tax	(0.14)	0.30	0.84
Change in fair value of equity securities, net of tax	0.04	(0.21)	0.02
Gain from VSRM Transaction, net of tax	0.82	-	-
Loss portfolio transfer risk fee, net of tax	(0.51)	-	-
Other gains (losses), net of tax	0.01	1.20	0.03
Adjusted operating income (loss) per share	$ (1.22)	$ (1.40)	$ (0.83)

	For the Years Ended December 31,	
	2023	2022
Net income (loss)	$ (25,904)	$ (10,681)
Less:		
Net realized investment gains (losses)	(20)	(1,505)
Change in fair value of equity securities	608	403
Gain from VSRM Transaction	—	8,810
Loss portfolio transfer risk fee	—	(5,400)
Gain from sale of renewal rights	2,335	—
Other gains (losses)	—	59
Impact of income tax expense (benefit) from adjustments *	—	—
Adjusted operating income (loss)	$ (28,827)	$ (13,048)
Weighted average common shares, diluted	12,220,511	10,692,090
Diluted income (loss) per common share:		
Net income (loss)	$ (2.12)	$ (1.00)
Less:		
Net realized investment gains (losses)	—	(0.14)
Change in fair value of equity securities	0.05	0.04
Gain from VSRM Transaction	—	0.82

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Loss portfolio transfer risk fee	—	(0.51)
Gain from sale of renewal rights	0.19	—
Other gains (losses)	—	0.01
Impact of income tax expense (benefit) from adjustments *	—	—
Adjusted operating income (loss) per share	$ (2.36)	$ (1.22)

* The Company has recorded a full valuation allowance against its deferred tax assets as of December 31, 2023 and 2022. As a result, there were no taxable impacts to adjusted operating income from the adjustments to net income (loss) in the table above after taking into account the use of NOLs and the change in the valuation allowance.

We use adjusted operating income and adjusted operating income per share, in conjunction with other financial measures, to assess our performance and to evaluate the results of our business. We believe these measures provide investors with valuable information relating to our ongoing performance that may be obscured by the effect of investment gains and losses as a result of our market risk sensitive instruments, which primarily relate to fixed income securities that are available-for-sale and not held for trading purposes. Realized investment gains and losses may vary significantly between periods and are generally driven by external economic developments, such as capital market conditions. Accordingly, adjusted operating income excludes the effect of items that tend to be highly variable from period to period and highlights the results from our ongoing business operations and the underlying loss or profitability of our business. We believe that it is useful for investors to evaluate adjusted operating income and adjusted operating income per share, along with net income and net income per share, when reviewing and evaluating our performance.

Executive Overview

The Company's gross written premiums increased $5.9 million $5.8 million, or 4.5% 4.2%, to $143.9 million in 2023, compared to $138.0 million in 2022, compared to $132.1 million in 2021. 2022. This was primarily due to a substantial increase in increased gross written premiums in our personal lines of business specifically low-value dwelling. This increase was primarily due from increases in exposure units and, to additional exposures and a lesser degree, increased rates. Our personal lines gross written premium increased $6.1 million $15.6 million, or 40.8% 73.8%, to $21.1 million $36.8 million in 2022, 2023, compared to $15.0 million $21.2 million in 2021.2022.

The Company reported a net loss of $25.9 million, or $2.12 per share, in 2023, compared to a net loss of $10.7 million, or $1.00 per share, in 2022, compared to a net loss of $1.1 million, or $0.11 per share, in 2021.2022.

Adjusted operating loss, a non-GAAP measure, was $28.8 million, or $2.36 per share, in 2023, compared to $13.0 million, or $1.22 per share, in 2022.

The 2023 results included a non-operating net gain of $2.3 million from the sale of its Security Program. See Note 2 ~ *Sale of Renewal Rights* for the year ended December 31, 2022, compared to an adjusted operating loss of $13.6 million, or $1.40 per share, for the year ended December 31, 2021. further detail.

The 2022 results included an $8.8 million non-operating gain in the fourth quarter of 2022 from the step acquisition of VSRM and subsequent sale of its security guard and alarm installation insurance brokerage business to a third party insurance brokerage firm. The Company also recorded a tax benefit of $9.4 million from the utilization of net operating loss tax NOL carryforwards ("NOLs") applied against the taxable gain on the transaction. The deferred tax assets associated with the NOLs had a valuation allowance against it, and thus there was the recognition of the benefit in the period it was used.

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The Company entered into a loss portfolio transfer reinsurance agreement on November 1, 2022 with Fleming Re in order to reduce its exposure to future unfavorable development on its reserves. The Company was charged a one-time risk fee of $5.4 million, which was reflected as a non-operating loss. . Fleming Re will cover an aggregate limit of $66.3 million of paid losses on $40.8 million of stated net reserves as of June 30, 2022, relating to accident years 2019 and prior. Within the aggregate limit, there is a $5.5 million loss corridor in which the Company retains losses in excess of $40.8 million. Fleming Re is then responsible to cover paid losses in excess of $46.3 million up to $66.3 million. As of December 31, 2022 December 31, 2023, the Company has recorded losses through the $5.5 million corridor and $644,000 $9.1 million into the $20.0 million layer.

In the fourth quarter of 2022, the Company incurred $2.0 million of losses and $1.6 million reinsurance reinstatement costs related to Hurricane Ian.

The 2021 results included an $8.9 million gain from the June 30, 2021 Venture Transaction, and a $2.8 million gain from the forgiveness of the PPP loan. Both gains are reflected in Other Gains on the Consolidated Statements of Operations. We also saw continued improvement in our current accident year underwriting results as our mix of business and other underwriting changes helped to produce a 2021 accident year combined ratio of 93.3%. These positive results were offset by $19.4 million of adverse development from prior accident years.45

The Company experienced $2.0 million of catastrophe losses, net of reinsurance recoverables, during 2021 from Winter Storm Uri. The Company had $86,000 of reinsurance reinstatement costs relating to Hurricane Irma in 2021.

Results of Operations - 2022 2023 Compared to 2021 2022

The following table summarizes our operating results for the years indicated (dollars in thousands):

Summary Operating Results

	Years Ended December 31,				Years Ended December 31,			
	2022	2021	$ Change	% Change	2023	2022	$ Change	% Change
Gross written premiums	$ 138,019	$ 132,095	$ 5,924	4.5%	$ 143,834	$ 138,019	$ 5,815	4.2%
Net written premiums	$ 91,232	$ 101,429	$ (10,197)	(10.1%)	$ 68,688	$ 91,232	$ (22,544)	(24.7%)
Net earned premiums	$ 96,711	$ 98,802	$ (2,091)	(2.1%)	$ 83,935	$ 96,711	$ (12,776)	(13.2%)
Agency commission income					5,680	1,414	4,266	*
Other income	2,768	2,671	97	3.6%	694	1,354	(660)	(48.7%)

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Losses and loss adjustment expenses, net	81,440	69,861	11,579	16.6%	82,413	81,440	973	1.2%
Policy acquisition costs	22,179	28,451	(6,272)	(22.0%)	20,892	22,179	(1,287)	(5.8%)
Operating expenses	18,789	16,509	2,280	13.8%	17,891	18,789	(898)	(4.8%)
Loss portfolio transfer risk fee	5,400	—	5,400	*	—	5,400	(5,400)	*
Underwriting gain (loss)	(28,329)	(13,348)	(14,981)	(112.2%)	(30,887)	(28,329)	(2,558)	(9.0%)
Net investment income	3,043	1,968	1,075	54.6%	5,526	3,043	2,483	81.6%
Net realized investment gains (losses)	(1,505)	2,878	(4,383)	*	(20)	(1,505)	1,485	*
Change in fair value of equity securities	403	(2,020)	2,423	*	608	403	205	*
Gain from sale of renewal rights					2,335	—	2,335	*
Gain from VSRM Transaction	8,810	—	8,810	*	—	8,810	(8,810)	*
Other gains (losses)	59	11,664	(11,605)	*	—	59	(59)	*
Interest expense	2,971	2,852	119	4.2%	3,206	2,971	235	7.9%
Income (loss) before income taxes	(20,490)	(1,710)	(18,780)	*	(25,644)	(20,490)	(5,154)	*
Equity earnings in Affiliate, net of tax	368	824	(456)	(55.3%)	(251)	368	(619)	(168.2%)
Income tax expense	(9,441)	208	(9,649)	*	9	(9,441)	9,450	*
Net income (loss)	$ (10,681)	$ (1,094)	$ (9,587)	*	$ (25,904)	$ (10,681)	$ (15,223)	*
Underwriting Ratios:								
Loss ratio (1)	83.9%	70.5%			97.8%	83.9%		
Expense ratio (2)	38.4%	42.4%			37.1%	38.4%		
Combined ratio (3)	122.3%	112.9%			134.9%	122.3%		

(1) The loss ratio is the ratio, expressed as a percentage, of net losses and loss adjustment expenses to net earned premiums and other income from underwriting operations.

(2) The expense ratio is the ratio, expressed as a percentage, of policy acquisition costs and operating expenses to net earned premiums and other inco from underwriting operations.

(3) The combined ratio is the sum of the loss ratio and the expense ratio. A combined ratio under 100% indicates an underwriting profit. A combined ratic over 100% indicates an underwriting loss.

* Percentage change is not meaningful

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Premiums

Premiums are earned ratably over the term of the policy, whereas written premiums are reflected on the effective date of the policy. Almost all commercial lines and homeowners products have annual policies, under which premiums are earned evenly over one year. The resulting net earned premiums are impacted by the gross and ceded written premiums, earned ratably over the terms of the policies.

Our premiums are presented below for the years ended December 31, 2022 December 31, 2023 and 2021 2022 (dollars in thousands):

Summary of Premium Revenue

	Years Ended December 31,				Years Ended December 31,			
	2022	2021	$ Change	% Change	2023	2022	$ Change	% Change
Gross written premiums								
Commercial lines	$ 116,868	$ 117,075	$ (207)	(0.2%)	$ 107,078	$ 116,868	$ (9,790)	(8.4%)
Personal lines	21,151	15,020	6,131	40.8%	36,756	21,151	15,605	73.8%
Total	$ 138,019	$ 132,095	$ 5,924	4.5%	$ 143,834	$ 138,019	$ 5,815	4.2%
Net written premiums								
Commercial lines	$ 72,318	$ 87,307	$ (14,989)	(17.2%)	$ 36,580	$ 72,318	$ (35,738)	(49.4%)
Personal lines	18,914	14,122	4,792	33.9%	32,108	18,914	13,194	69.8%
Total	$ 91,232	$ 101,429	$ (10,197)	(10.1%)	$ 68,688	$ 91,232	$ (22,544)	(24.7%)
Net Earned premiums								
Commercial lines	$ 80,823	$ 87,759	$ (6,936)	(7.9%)	$ 59,221	$ 80,823	$ (21,602)	(26.7%)
Personal lines	15,888	11,043	4,845	43.9%	24,714	15,888	8,826	55.6%

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Total	$	96,711	$	98,802	$	(2,091)	(2.1%)	$	83,935	$	96,711	$	(12,776)	(13.2%)

Gross written premiums increased by $5.9 million $5.8 million, or 4.5% 4.2%, to $138.0 million, $143.8 million for the year ended December 31, 2022 December 31, 2023, compared to $132.1 million $138.0 million for the year ended December 31, 2021 December 31, 2022. The increase was attributable to an increase in written premium in our small business and low-value dwelling programs, which was offset by a decrease in written premium in our hospitality programs. Increases in the personal lines business was primarily attributable to an increase in policies, but also due to increases in rates.

Commercial lines gross written premiums decreased $207,000, $9.8 million, or 0.2% 8.4%, to $116.9 million $107.1 million, for the year ended December 31, 2022 December 31, 2023, compared to $117.1 million $116.9 million for the year ended December 31, 2021 December 31, 2022. Gross written premiums for our hospitality programs decreased by $5.5 million, or 20.5%, to $21.5 million for the year ended December 31, 2023, compared to $27.0 million for the year ended December 31, 2022. Gross written premiums for our small business programs increased decreased by $4.5 million $4.3 million, or 5.3% 4.7%, to $89.9 million $85.6 million, for the year ended December 31, 2022 December 31, 2023, compared to $85.4 million $89.9 million for the year ended December 31, 2021 December 31, 2022. This increase was offset by our In both the hospitality and small business programs, gross written the reductions in premiums which decreased by $4.7 million, or 14.9%, were due to $27.0 million, for the year ended December 31, 2022, compared Company's concerted efforts to $31.7 million for reduce writings in individual lines of business and jurisdictions that were the year ended December 31, 2021. least profitable.

Personal lines gross written premiums increased $6.1 million $15.6 million, or 40.8% 73.8%, to $21.1 million, $36.8 million for the year ended December 31, 2022 December 31, 2023, compared to $15.0 million $21.2 million for the year ended December 31, 2021 December 31, 2022. This The increase was largely driven by our low-value dwelling business. increased policy counts in Texas and Oklahoma. The Company is expected to discontinue writing in Oklahoma in the second quarter of 2024. Oklahoma homeowners represented $17.1 million of the Company's gross written premium in 2023. Texas homeowners is expected to continue to grow.

Net written premiums decreased $10.2 million $22.5 million, or 10.1% 24.7%, to $91.2 million $68.7 million, for the year ended December 31, 2022 December 31, 2023, compared to $101.4 million $91.2 million for the year ended December 31, 2021 December 31, 2022.

As part of the Security Program transaction, the Company ceded 100% of its gross unearned premium related to the program as of September 30, 2023. This increased the Company's net ceded written premium by $18.8 million in its commercial lines of business for the year ended December 31, 2023. Commercial lines net written premiums further decreased due to more ceded premiums as a result of a higher reinsurance cost and the Company entered into a new quota share reinsurance agreement, effective January 1, 2023. The new 50% quota share treaty applies to a subset of our commercial business that represents approximately 12.0% of our gross written premiums for the year ended December 31, 2023. The Company entered into new specific loss ceded $10.3 million of written premium related to this quota share reinsurance treaties on December 31, 2021 and January 1, 2022 agreement for the twelve months ended December 31, 2023.

Agency Commission Income

Commission income is received by the Company's insurance agency for writing policies for third-party insurance companies. Agency commission income increased by $4.3 million to $5.7 million for the year ended December 31, 2023, which included a 40% ceding commission. This increased ceded written premiums by approximately $11.4 million in 2022. There compared to $1.4 million for the year ended December 31, 2022. The increase was no ceding commission on excess of loss treaties during 2021. Ceded earned premiums also increased due to the new treaties by $8.9 million. The increase Company's Security Program

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transaction in ceded earned premiums was offset by September of 2023. As part of the arrangement with the buyer, our managing general agency, CIS, is appointed as the producer for this business, for approximately a two-year transition period. During this time our wholesale agency segment will receive a commission from the buyer, and pay a sub-producer substantially the same increase commission. This will result in ceding commissions, which reduced higher consolidated other income for the Company. Policy acquisition costs.costs will remain substantially the same amount for the period of this agreement. In 2023, the Company recorded $5.2 million of commission revenue and $5.2 million of commission expense as a result of this arrangement.

Other Income

Other income consists primarily of fees charged to policyholders by the Company for services outside of the premium charge, such as installment billings and policy issuance costs. Other income also includes the interest income from the $6.0 million and $3.0 million promissory notes relating to the Venture Transaction. The $3.0 million promissory note was paid down decreased by Venture on December 14, 2021, and $5.0 million of the $6.0 million promissory note was paid down by Venture on October 20, 2022. Commission income is also received by the Company's insurance agency for writing policies for third-party insurance companies. All of the third-party business was sold to Venture at June 30, 2021. Accordingly, other income from that business diminished in 2022 as that business transitioned to Venture.

Other income increased by $97,000, $660,000, or 3.6% 48.7%, to $2.8 million $694,000 for the year ended December 31, 2022 December 31, 2023, compared to $2.7 million $1.4 million for the year ended December 31, 2021 December 31, 2022. Other The decrease in other income relating was mostly related to installment billings and policy issuance costs the homeowners business that was lower in 2022 because of originally produced within the Venture Transaction. This was offset by the interest income received from the $6.0 million promissory note consolidated Company during 2022. This homeowners business was contributed to SSU in December of 2022, resulting in a significant decline in other income during 2023.

Losses and Loss Adjustment Expenses

The tables below detail our losses and LAE and loss ratios for the years ended December 31, 2022 December 31, 2023 and 2021 2022 (dollars in thousands).

Year Ended December 31, 2022	Commercial Lines	Personal Lines	Total
Accident year net losses and LAE	46,884	10,272	57,156
	$ 4	$ 72	$ 56
Net (favorable) adverse development	23,878	406	24,284
Calendar year net loss and LAE	70,762	10,678	81,440
	$ 2	$ 78	$ 40
Accident year loss ratio	57.9%	64.3%	58.9%
Net (favorable) adverse development	29.4%	2.6%	25.0%
Calendar year loss ratio	87.3%	66.9%	83.9%

Year Ended December 31, 2023	Commercial Lines	Personal Lines	Total
Accident year net losses and LAE	$ 43,622	$ 20,958	$ 64,580
Net (favorable) adverse development	19,206	(1,373)	17,833
Calendar year net loss and LAE	$ 62,828	$ 19,585	$ 82,413
Accident year loss ratio	73.4%	84.5%	76.6%
Net (favorable) adverse development	32.3%	(5.6)%	21.2%
Calendar year loss ratio	105.7%	78.9%	97.8%

Year Ended December 31, 2021	Commercial Lines	Personal Lines	Total

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Year Ended December 31, 2022				Commercial Lines	Personal Lines	Total
Accident year net losses and LAE	$ 45,393	$ 5,036	$ 50,429	$ 46,884	$ 10,272	$ 57,156
Net (favorable) adverse development	18,475	957	19,432	23,878	406	24,284
Calendar year net loss and LAE	$ 63,868	$ 5,993	$ 69,861	$ 70,762	$ 10,678	$ 81,440
Accident year loss ratio	51.6%	45.0%	50.9%	57.9%	64.3%	58.9%
Net (favorable) adverse development	21.0%	8.6%	19.6%	29.4%	2.6%	25.0%
Calendar year loss ratio	72.6%	53.6%	70.5%	87.3%	66.9%	83.9%

Net losses and LAE increased by $11.5 million $973,000, or 1.2%, or 16.6% to $82.4 million for the year ended December 31, 2023, compared to $81.4 million for the year ended December 31, 2022, compared to $69.9 million for the year ended December 31, 2021. The calendar year loss ratios were 83.9% 97.8% and 70.5% 83.9% for the years ended December 31, 2022 December 31, 2023 and 2022, respectively. The increase in losses was attributable to both higher current accident year losses as well as reserve strengthening on prior year accident years.

Current accident year losses were higher mostly as a result of significant storm activity in the Oklahoma homeowners line in the spring and early summer of 2023. Commercial lines current accident year losses were lower mostly due to an improved mix of business in 2023 as compared to prior years. The Company's quick service restaurant program, which generated large losses in prior years and $2.7 million of accident year losses in 2022, only generated $270,000 of accident year losses in 2023. We would expect no more accident year losses from the quick service restaurant program going forward as the premiums were fully earned out as of December 31, 2023. The sale of the Security Program included ceding 100% of the unearned premiums on this program as of September 30, 2023, resulting in a significantly reduced amount of accident

year losses for this program in the fourth quarter of 2023. This program represented 35.3% of the Company's net earned premiums for the year-to-date period ending as of September 30, 2023, and zero percent in the fourth quarter of 2023.

The Company experienced $19.2 million of adverse development for the year ended December 31, 2023, related to the Company's commercial lines of business, while the Company experienced $1.4 million of favorable development in its personal lines of business.

Of the $19.2 million of adverse development for the Company's commercial lines for year ended December 31, 2023, $7.2 million was related to accident year 2022, $6.9 million was related to accident year 2021, respectively.and $4.9 million was related to accident year 2020 and $173,000 was 2019 and prior years. The development came primarily from commercial liability lines of business particularly in the longer tail lines of business, as a result of additional loss emergence primarily from the Security Program which represented 58% of the adverse development while the remainder was substantially in hospitality, most notably the quick service restaurant program. Both the Security Program and the quick service restaurant program are no longer written by the Company. As a result of this loss emergence, the Company increased its expected loss ratio selections on both prior accident years as well as the current accident year, resulting in increases to our carried loss reserves.

The Company experienced $24.3 million of adverse development for the year ended December 31, 2022. Of the $24.3 million of adverse development, $23.9 million was related to the Company's commercial lines of business, while $406,000 was related to the Company's personal lines of

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business. Of the $24.3 million of adverse development, $1.8 million was related to the 2021 accident year, $4.0 million was related to the 2020 accident year, $9.6 million was related to the 2019 accident year, $5.2 million was related to the 2018 accident year, and $3.7 million was related to 2017 and prior accident years. The adverse development was mostly related to the Company's commercial liability lines and was driven by multiple factors including significant social inflation generating higher severity than historical experience, and longer tail exposure than anticipated, particularly in certain jurisdictions.

The $19.4 million of adverse development in 2021 consisted of $18.5 million from commercial lines and $957,000 from personal lines and mostly related to the 2019 and prior accident years.

Expense Ratio

Our expense ratio is a measure of the efficiency and performance of the commercial and personal lines of business (our risk-bearing underwriting operations). It is calculated by dividing the sum of policy acquisition costs and other underwriting expenses by the sum of net earned premiums and other income of the underwriting business. Costs that cannot be readily identifiable as a direct cost of a segment or product line remain in Corporate for segment reporting purposes. The expense ratio excludes wholesale agency and Corporate expenses.

The table below provides the expense ratio by major component:

	Years Ended December 31,		Years Ended December 31,	
	2022	2021	2023	2022
Commercial Lines				
Policy acquisition costs	21.8%	29.2%	15.3%	21.8%
Operating expenses	16.1%	13.2%	20.2%	16.1%
Total	37.9%	42.4%	35.5%	37.9%
Personal Lines				
Policy acquisition costs	28.8%	29.6%	26.8%	28.8%
Operating expenses	12.2%	12.1%	13.9%	12.2%
Total	41.0%	41.7%	40.7%	41.0%
Total Underwriting				
Policy acquisition costs	23.0%	29.3%	18.8%	23.0%
Operating expenses	15.4%	13.1%	18.3%	15.4%
Total	38.4%	42.4%	37.1%	38.4%

Our expense ratio decreased by 4.0% 1.3% to 38.4% 37.1% for the year ended December 31, 2022 December 31, 2023, as compared to the same period in 2021. 2022. The decrease was largely due to driven by a reduction in the policy acquisition costs attributable to $11.4 million of ceding commission from new excess of loss reinsurance treaties. There were no commissions on excess of loss treaties ratio and was partially offset by an increase in 2021.the operating expense ratio.

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Policy acquisition costs are costs we incur to issue policies, which include commissions, premium taxes, underwriting reports and underwriter compensation costs. The Company offsets direct commissions with ceded commissions from reinsurers. The percentage of policy acquisition costs to net earned premiums and other income decreased by 6.3% 4.2%, from 29.3% in 2021, to 23.0% in 2022, mostly due to 18.8% in 2023. The decrease was primarily related to additional ceding commissions, which reduces commission expense, as a result of the new ceding commission quota share reinsurance treaty mentioned above.

Operating expenses consist primarily of employee compensation, information technology and occupancy costs, such as rent and utilities. Operating expenses as a percent of net earned premiums and other income increased by 2.3% 2.9%, from 13.1% in 2021, to 15.4% in 2022. 2022, to 18.3% in 2023. The operating expense ratios were higher primarily due to increased reinsurance costs due to the new excess of loss quota share reinsurance treaties with the ceding commission drove treaty mentioned above, which lowered net earned premiums lower, resulting in a slightly higher operating expense ratio.premiums.

Underwriting Results

We measure the performance of our consolidated results, in part, based on our underwriting gain or loss. The following table provides the underwriting gain or loss for the years ended December 31, 2022 December 31, 2023 and 2021 2022 (dollars in thousands):

Underwriting Gain (Loss)

	Years Ended December 31,		
	2022	2021	Change
Commercial Lines	$ (25,845)	$ (13,229)	$ (12,616)
Personal Lines	(1,248)	529	(1,777)
Total Underwriting	(27,093)	(12,700)	(14,393)
Wholesale Agency	(554)	(261)	(293)
Corporate	(921)	(757)	(164)
Eliminations	239	370	(131)
Total underwriting income (loss)	$ (28,329)	$ (13,348)	$ (14,981)

	Years Ended December 31,		
	2023	2022	Change
Commercial Lines	$ (24,512)	$ (25,845)	$ 1,333
Personal Lines	(4,882)	(1,248)	$ (3,634)
Total Underwriting	(29,394)	(27,093)	(2,301)
Wholesale Agency	(495)	(553)	58
Corporate	(1,067)	(921)	(146)
Eliminations	69	238	(169)
Total underwriting income (loss)	$ (30,887)	$ (28,329)	$ (2,558)

Investment Income

Net investment income increased by $1.0 million $2.5 million, or 54.6% 81.6%, to $5.5 million for the year ended December 31, 2023, compared to $3.0 million for the year ended December 31, 2022, compared to $2.0 million for the year ended December 31, 2021. This increase was due to an increase in interest income in our debt securities due to higher interest rates in 2022. 2023. Average invested assets during 2022 2023 were $160.1 million $141.7 million compared to $183.0 million $160.1 million for the same period in 2021. 2022. The investment portfolio was comprised of 84.1% debt securities, 1.6% equity securities, and 14.3`% short-term investments as of December 31, 2023. The investment portfolio was comprised of 81.2%

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debt securities, 3.5% equity securities, and 15.3% short-term investments as of December 31, 2022. The investment portfolio was comprised of 82.5% debt securities, 7.6% equity securities, and 9.9% short-term investments as of December 31, 2021.

The debt securities portfolio had an average credit quality was AA+ at December 31, 2023 and AA at December 31, 2022 and 2021, 2022, respectively. The portfolio produced a tax-equivalent book yield of 2.3% 3.3% and 1.4% 2.3% for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The option adjusted duration of the debt securities portfolio was 2.9 years and 3.5 years at December 31, 2023 and 3.6 years at December 31, 2022 and 2021, 2022, respectively.

Realized Investment Gains (Losses)

Net realized investment losses were $1.5 million $20,000 during 2022, 2023, compared to $2.9 million $1.5 million of investment gains in 2021. losses during 2022. The $4.4 million decrease was due to the Company repositioning repositioned most of its equity portfolio as well as negative overall market conditions that were experienced during 2022. in 2022, and had minimal activity related to selling equity securities in 2023.

Interest Expense and Preferred Dividend

Interest expense was $3.2 million and $2.9 million for the years ended December 31, 2022 December 31, 2023 and 2021. We issued $25.3 million 2022, respectively. The Company repaid $24.4 million of its 6.75% public senior unsecured notes (the "Notes" "old notes") in 2018. and issued $17.9 million of 9.75% public senior unsecured notes (the "new notes") during the third quarter of 2023, which mature on September 30, 2028. The Company did not repurchase any also restructured its existing $10.5 million of the Notes in 2022 and 2021. 7.5% subordinated notes to $10.0 million of new 12.5% senior secured notes on September 30, 2023. The senior secured notes mature on September 30, 2028.

Interest expense includes the amortization of debt issuance costs relating to the Notes new notes and the senior secured notes. The interest expense relating to the amortization of debt issuance costs on the new notes is $353,000 per annum over the 5-year life of the new notes. The interest expense relating to the amortization of debt issuance costs on the senior secured notes is $189,000 per annum over the 5-year life of the senior secured notes.

The increase in interest rates and debt issuance costs from the Company's new and restructured debt during the third quarter of 2023 contributed to the $235,000 increase in interest expense during 2023, compared to 2022.

We issued $25.3 million of the old notes in 2018, of which, $24.4 million was outstanding as of December 31, 2022, due to Company repurchases of the old notes during 2020. The Company did not repurchase any of the old notes in 2022. Interest expense includes the amortization of debt issuance costs relating to the old notes which is $260,000 per annum over the 5-year life of the Notes. The interest expense relating to the amortization of debt issuance costs for the existing $10.5 million of the Subordinated Notes subordinated notes is $51,000 per annum over the 20-year life of the Subordinated Notes.subordinated notes.

The Company had a $10.0 million line of credit during 2022, and 2021, which it drew upon and paid down at various times. This contributed to the interest expense in 2022 and 2021. 2022. The Company had no outstanding balance on its line of credit on December 31, 2022, as the line of credit agreement matured on December 1, 2022. The line of credit agreement , and was not renewed with renewed.

The Company also pays a dividend on its $6.0 million preferred stock. Refer to Note 13 ~ Shareholders' Equity for further details. The preferred stock dividend is not an expense and does not impact net income. However, it does reduce net income allocable to common shareholders, earnings per share and cash flows. The Company declared $19,000 of dividends in 2023, and would expect to pay $630,000 for a full year at the Lender after it matured on December 1, 2022.current dividend rate, which is variable.

Income Tax Expense

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For the year ended December 31, 2022 December 31, 2023, the Company reported $6,000 $26,000 of current federal income tax expense benefit and $39,000 $0 of current state income tax expense. benefit. The Company reported a deferred tax benefit of $9.4 million $17,000 and $0 $9.4 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

There is a $21.7 million $28.0 million valuation allowance against 100% of the net deferred tax assets at December 31, 2022, which would increase book value by $1.77 per share if reversed in the future. December 31, 2023. The valuation allowance was $14.6 million $21.7 million as of December 31, 2021 December 31, 2022. As of December 31, 2022 December 31, 2023, the Company has net operating loss carryforwards for federal income tax purposes of $65.6 million $80.8 million, of which $50.4 million $78.2 million expire in tax years 2030 through 2042 2043 and $15.2 million $10.3 million will never expire. Of this amount, $7.6 million $19.5 million are limited in the amount that can be utilized in any one year and may expire before they are realized under Section 382 of the Internal Revenue Code. The Company has state net operating loss carryforwards of $107.2 million $120.3 million, which expire in tax years 2023 2024 through 2042.

Results of Operations - 2021 Compared to 2020

The following table summarizes our operating results for the years indicated (dollars in thousands):

Summary Operating Results

	Years Ended December 31,			
	2021	2020	$ Change	% Change
Gross written premiums	$ 132,095	$ 111,335	$ 20,760	18.6 %
Net written premiums	$ 101,429	$ 92,940	$ 8,489	9.1 %
Net earned premiums	$ 98,802	$ 89,103	$ 9,699	10.9 %
Other income	2,671	2,615	56	2.1 %
Losses and loss adjustment expenses, net	69,861	56,228	13,633	24.2 %
Policy acquisition costs	28,451	26,105	2,346	9.0 %
Operating expenses	16,509	18,468	(1,959)	(10.6 %)
Underwriting gain (loss)	(13,348)	(9,083)	(4,265)	(47.0 %)
Net investment income	1,968	3,156	(1,188)	(37.6 %)
Net realized investment gains	2,878	8,126	(5,248)	(64.6 %)
Change in fair value of equity securities	(2,020)	228	(2,248)	*
Other gains (losses)	11,664	260	11,404	*
Interest expense	2,852	2,925	(73)	(2.5 %)
Income (loss) before income taxes	(1,710)	(238)	(1,472)	*
Equity earnings (losses) in Affiliate, net of tax	824	839	(15)	(1.8 %)
Income tax expense (benefit)	208	6	202	*
Net income (loss)	$ (1,094)	$ 595	$ (1,689)	*
Underwriting Ratios:				
Loss ratio (1)	70.5 %	62.8 %		
Expense ratio (2)	42.4 %	45.6 %		
Combined ratio (3)	112.9 %	108.4 %		

(1) The loss ratio is the ratio, expressed as a percentage, of net losses and loss adjustment expenses to net earned premiums and other income from underwriting operations.

(2) The expense ratio is the ratio, expressed as a percentage, of policy acquisition costs and operating expenses to net earned premiums and other inco

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from underwriting operations.

(3) The combined ratio is the sum of the loss ratio and the expense ratio. A combined ratio under 100% indicates an underwriting profit. A combined ratio over 100% indicates an underwriting loss.

* Percentage change is not meaningful

Premiums

Premiums are earned ratably over the term of the policy, whereas written premiums are reflected on the effective date of the policy. Almost all commercial lines and homeowners products have annual policies, under which premiums are earned evenly over one year. The resulting net earned premiums are impacted by the gross and ceded written premiums, earned ratably over the terms of the policies.

Our premiums are presented below for the years ended December 31, 2021and 2020 (dollars in thousands):

Summary of Premium Revenue

	Years Ended December 31,			
	2021	2020	$ Change	% Change
Gross written premiums				
Commercial lines	$ 117,075	$ 102,763	$ 14,312	13.9%
Personal lines	15,020	8,572	6,448	75.2%
Total	$ 132,095	$ 111,335	$ 20,760	18.6%
Net written premiums				
Commercial lines	$ 87,307	$ 85,385	$ 1,922	2.3%
Personal lines	14,122	7,555	6,567	86.9%
Total	$ 101,429	$ 92,940	$ 8,489	9.1%
Net Earned premiums				
Commercial lines	$ 87,759	$ 82,409	$ 5,350	6.5%
Personal lines	11,043	6,694	4,349	65.0%
Total	$ 98,802	$ 89,103	$ 9,699	10.9%

Gross written premiums increased by $20.8 million, or 18.6%, to $132.1 million for the year ended December 31, 2021, compared to $111.3 million for the year ended December 31, 2020. The increase was attributable to an increase in written premium in our small business and low-value dwelling programs, which was slightly offset by a decrease in written premium in our hospitality programs.

Commercial lines gross written premiums increased $14.3 million, or 13.9%, to $117.1 million, for the year ended December 31, 2021, compared to $102.8 million for the year ended December 31, 2020. Gross written premiums for our small business programs increased by $20.3 million, or 31.1%, to $85.4 million for the year ended December 31, 2021, compared to $65.1 million for the year ended December 31, 2020. This increase was offset by our hospitality programs gross written premiums, which decreased by $5.9 million, or 15.8%, to $31.7 million for the year ended December 31, 2021, compared to $37.7 million for the year ended December 31, 2020.

Personal lines gross written premiums increased $6.4 million, or 75.2%, to $15.0 million for the year ended December 31, 2021, compared to $8.6 million for the same period in 2020. This increase was largely driven by our low-value dwelling business.

Net written premiums increased $8.5 million, or 9.1%, to $101.4 million, for the year ended December 31, 2021, compared to $92.9 million, for the year ended December 31, 2020. The increase was due to the increase in gross written premium during 2021. However, this increase was reduced by increased reinsurance rates, and the Company entering into a new specific loss commercial liability treaty on December 31, 2021, that included a 40% ceding commission and resulted in an additional $4.4 million of ceded written premiums at the inception of the agreement. Ceding commissions

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increased by $1.8 million as well. Ceded earned premiums and total acquisition costs were not impacted in 2021 from this new treaty, after taking into account the change in deferred acquisition costs. However, going forward, we would expect to see higher ceded earned premiums and lower acquisition costs as a result of this treaty.

Other Income

Other income consists primarily of fees charged to policyholders by the Company for services outside of the premium charge, such as installment billings and policy issuance costs. Other income also includes the interest income from the $6.0 million and $3.0 million promissory notes relating to the Venture Transaction. The $3.0 million promissory note was paid down by Venture on December 14, 2021. Commission income is also received by the Company's insurance agency for writing policies for third-party insurance companies. All of the third-party business was sold to Venture at June 30, 2021. Accordingly, other income from that business will diminish over the next few quarters as it transitions over to Venture, and will ultimately no longer occur. Other income increased by $56,000, or 2.1%, to $2.7 million for the year ended December 31, 2021, compared to $2.6 million in 2020. Other income relating to installment billings and policy issuance costs was lower in the second half of 2021, as the business that was sold to Venture at June 30, 2021, no longer produces other income for the Company. This was more than offset by an increase in the interest income in 2021 of $306,000 from the notes payable.

Losses and Loss Adjustment Expenses

The tables below detail our losses and LAE and loss ratios for the years ended December 31, 2021 and 2020 (dollars in thousands).

Year Ended December 31, 2021	Commercial Lines	Personal Lines	Total
Accident year net losses and LAE	$ 45,393	$ 5,036	$ 50,429
Net (favorable) adverse development	18,475	957	19,432
Calendar year net loss and LAE	$ 63,868	$ 5,993	$ 69,861
Accident year loss ratio	51.6%	45.0%	50.9%
Net (favorable) adverse development	21.0%	8.6%	19.6%
Calendar year loss ratio	72.6%	53.6%	70.5%

Year Ended December 31, 2020	Commercial Lines	Personal Lines	Total
Accident year net losses and LAE	$ 38,021	$ 2,613	$ 40,634
Net (favorable) adverse development	15,242	352	15,594
Calendar year net loss and LAE	$ 53,256	$ 2,965	$ 56,228
Accident year loss ratio	46.0%	38.2%	45.4%
Net (favorable) adverse development	18.4%	5.1%	17.4%
Calendar year loss ratio	64.4%	43.3%	62.8%

Net losses and LAE increased by $13.6 million, or 24.2% to $69.9 million for the year ended December 31, 2021, compared to $56.2 million in 2020. The calendar year loss ratios were 70.5% and 62.8% for the years ended December 31, 2021 and 2020, respectively.

The $19.4 million of adverse development in 2021 consisted of $18.5 million from commercial lines and $957,000 from personal lines and mostly related to the 2019 and prior accident years.

The $15.6 million of adverse development in 2020 consisted of $15.2 million from commercial lines and $352,000 from personal lines and mostly related to the 2018 and 2017 accident years.

Expense Ratio

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Our expense ratio is a measure of the efficiency and performance of the commercial and personal lines of business (our risk-bearing underwriting operations). It is calculated by dividing the sum of policy acquisition costs and other underwriting expenses by the sum of net earned premiums and other income of the underwriting business. Costs that cannot be readily identifiable as a direct cost of a segment or product line remain in Corporate for segment reporting purposes. The expense ratio excludes wholesale agency and Corporate expenses.

The table below provides the expense ratio by major component:

	Years Ended December 31,	
	2021	2020
Commercial Lines		
Policy acquisition costs	29.2%	30.3%
Operating expenses	13.2%	15.3%
Total	42.4%	45.6%
Personal Lines		
Policy acquisition costs	29.6%	29.9%
Operating expenses	12.1%	15.6%
Total	41.7%	45.5%
Total Underwriting		
Policy acquisition costs	29.3%	30.3%
Operating expenses	13.1%	15.3%
Total	42.4%	45.6%

Our expense ratio decreased by 3.2%, to 42.4% for the year ended December 31, 2021, as compared to the same period in 2020.

Policy acquisition costs are costs we incur to issue policies, which include commissions, premium taxes, underwriting reports and underwriter compensation costs. The Company offsets direct commissions with ceded commissions from reinsurers. The percentage of policy acquisition costs to net earned premiums and other income decreased by 1.0%, from 30.3% in 2020, to 29.3% in 2021.

Operating expenses consist primarily of employee compensation, information technology and occupancy costs, such as rent and utilities. Operating expenses as a percent of net earned premiums and other income was 13.1% and 15.3% for the years ended December 31, 2021 and 2020, respectively. The lower operating expense ratio was largely due to the Venture Transaction, where 21 employees transitioned from Conifer to Venture on June 30, 2021.

Underwriting Results

We measure the performance of our consolidated results, in part, based on our underwriting gain or loss. The following table provides the underwriting gain or loss for the years ended December 31, 2021 and 2020 (dollars in thousands):

Underwriting Gain (Loss)

	Years Ended December 31,		
	2021	2020	Change
Commercial Lines	$ (13,229)	$ (8,307)	$ (4,922)
Personal Lines	529	766	(237)
Total Underwriting	(12,700)	(7,541)	(5,159)
Wholesale Agency	(261)	(474)	213

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Corporate	(757)	(1,403)	646
Eliminations	370	335	35
Total underwriting income (loss)	$ (13,348)	$ (9,083)	$ (4,265)

Investment Income

Net investment income decreased by $1.2 million, or 37.6%, to $2.0 million for the year ended December 31, 2021, compared to $3.1 million for the year ended December 31, 2020. This decrease was due to a decrease in interest income in our debt securities due to lower interest rates. Average invested assets during 2021 were $183.0 million compared to $176.5 million for the same period in 2020. The investment portfolio was comprised of 82.5% debt securities, 7.6% equity securities, and 9.9% short-term investments as of December 31, 2021. The investment portfolio was comprised of 80.2% debt securities, 7.1% equity securities and 12.7% short-term investments as of December 31, 2020.

The debt securities portfolio had an average quality was AA and AA+ at December 31, 2021 and 2020, respectively. The portfolio produced a tax-equivalent book yield of 1.4% and 1.6% for the years ended December 31, 2021 and 2020, respectively. The option adjusted duration of the debt securities portfolio was 3.6 years at December 31, 2021 and 2020, respectively.

Realized Investment Gains

Net realized investment gains decreased by $5.3 million, or 64.6%, to $2.9 million for the year ended December 31, 2021, as compared to $8.1 million for the year ended December 31, 2020. The decrease was due to overall market conditions in 2021 that reduced the Company's ability to sell portions of its debt and equity securities for realized gains.

Interest Expense

Interest expense was $2.9 million for the years ended December 31, 2021 and 2020. We issued $25.3 million of public senior unsecured notes (the "Notes") in 2018. Proceeds from the Notes were used to pay down $19.5 million of the $30.0 million of subordinated notes that were issued in the third quarter of 2017. The Company did not repurchase any of the Notes in 2021. The Company repurchased 36,761 units of the Notes in the public market in 2020. Interest expense includes the amortization of debt issuance costs relating to the Notes which is $260,000 per annum over the 5-year life of the Notes. The interest expense relating to the amortization of debt issuance costs for the existing $10.5 million of the Subordinated Notes is $51,000 per annum over the 20-year life of the Subordinated Notes.

The Company has a $10.0 million line of credit, which it drew upon and paid down at various times throughout 2021, and which contributed to interest expense. The Company had no outstanding balance on its line of credit as of December 31, 2021.

Income Tax Expense

For the year ended December 31, 2021, the Company reported $5,000 of current federal income tax expense and $203,000 of current state income tax expense. The Company reported a deferred tax benefit of $0 for the years ended December 31, 2021 and 2020, respectively.

There is a $14.6 million valuation allowance against 100% of the net deferred tax assets at December 31, 2021, which would increase book value by $1.50 per share if reversed in the future. The valuation allowance was $13.3 million as of December 31, 2020. As of December 31, 2021, the Company has net operating loss carryforwards for federal income tax purposes of $59.7 million, of which $49.8 million expire in tax years 2028 through 2041 and $9.9 million never expire. Of this amount, $12.8 million are limited in the amount that can be utilized in any one year and may expire before they are realized under Section 382 of the Internal Revenue Code. The Company has state net operating loss carryforwards of $17.0 million, which expire in tax years 2022 through 2041.

2043.

Liquidity and Capital Resources

Sources and Uses of Funds

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At December 31, 2022 December 31, 2023, we the Company had $54.0 million $32.0 million in cash, cash equivalents, and short-term investments. investments, of which, $16.8 million was unrestricted. Our principal sources of funds are have historically been insurance premiums, investment income, proceeds from maturity and sale of invested assets and other income. These funds are primarily used to pay claims, commissions, employee compensation, taxes and other operating expenses, and service debt.

Management plans In December 2023, the Company issued $6.0 million of Series A Preferred Stock. The Company intends to issue new public debt or sell assets that use the proceeds for working capital and general corporate purposes.

During 2024, based on the capital structure as of December 31, 2023, the Company will provide sufficient cash flow be required to pay off make $1.0 million of principal payments on the senior unsecured secured notes, that are coming due within the next twelve months. We believe it is probable that we will be able to issue new public debt or sell assets $630,000 of preferred dividend payments and repay the senior unsecured notes by September 30, 2023. We believe that our existing cash, cash equivalents, short-term investments and investment securities balances will be adequate to meet our operating liquidity needs and the needs approximately $3.3 million of our subsidiaries interest on a short-term and long-term basis. With the expected execution all of the senior Company's debt refinancing, we believe we can meet our capital needs as well over the next twelve months.

We believe that our existing cash, cash equivalents, short-term investments and investment securities balances will be adequate to meet our capital and liquidity needs and the needs instruments, all of our subsidiaries on a short-term and long-term basis. which are paid quarterly.

We conduct our business operations primarily through our Insurance Company Subsidiaries. Subsidiaries and our wholesale agency. Our ability to service debt, and pay administrative expenses is primarily reliant upon our intercompany service fees paid by the Insurance Company Subsidiaries and wholesale agency to the holding company for management, administrative, and information technology services provided to the Insurance Company Subsidiaries and the wholesale agency by the Parent

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Company. Secondarily, the Parent Company may receive dividends from the Insurance Company Subsidiaries; Subsidiaries and wholesale agency; however, this is not the primary means in which the holding company supports its funding as state insurance laws restrict the ability of our Insurance Company Subsidiaries to declare dividends to the Parent Company. Generally, the limitations are based on the greater of statutory net income for the preceding year or 10% of statutory surplus at the end of the preceding year. We received $1.4 million in dividends paid from RCIC in 2023. No dividends were paid from our Insurance Company Subsidiaries in 2022, 2021 or 2020. and do not anticipate any dividends being paid to us from our insurance subsidiaries during 2024 and 2025.

We contributed $400,000, $6.8 million, $11.4 million and $1.2 million $11.4 million to our Insurance Company Subsidiaries in 2023 and 2022, 2021 respectively.

Largely due to reserve strengthening during 2023 in our Insurance Company Subsidiaries, we incurred a consolidated net loss of $25.9 million. We used cash from operation activities of $13.6 million and 2020, respectively. our overall equity at December 31, 2023 totaled $2.9 million. As a result of these factors, we were out of compliance with several of our debt covenants and obtained a waiver from our lender. The aforementioned factors have presented additional liquidity and capital challenges on the Company's financial condition.

Both Insurance Company Subsidiaries lack sufficient capital to continue to underwrite the volume of business they have historically written. As part of our strategic shift, going forward we plan to utilize third-party insurers and rely mostly on commission revenues in our managed general agency, CIS. Substantially all of our commercial lines business will be no longer be written by our insurance company subsidiaries by the end of the second quarter of 2024. However, we do plan to continue to write a limited amount of the personal lines on CIC. We do not expect to be writing any business in WPIC by the end of the second quarter of 2024.

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As of the filing of this Form 10-K, the Insurance Company Subsidiaries are still the primary underwriters for the business produced by CIS and still the primary source of revenues and cash flows. The Insurance Company Subsidiaries are currently both required to provide an action plan with the state of domicile insurance regulator to remediate certain statutory capital and surplus regulatory deficiencies. If we do not remediate the regulatory deficiencies the insurance regulator could suspend or terminate the insurers' authority to write business. Also, A.M. Best and Kroll downgraded the financial strength ratings of both companies and we terminated the rating relationship. Therefore, neither company is currently rated by a nationally recognized statistical rating organization which can have an impact on the ability to market to policyholders. We believe that the current statutory surplus levels Insurance Company Subsidiaries will both regain compliance with the state insurance regulators, however, as part of the strategic shift, we no longer expect significant revenues to be generated through them after the second quarter of 2024. These circumstances could jeopardize the ability of the Company to generate insurance underwriting revenues which could raise substantial doubt on our ability to meet our obligations as they become due.

To alleviate these concerns the Company is in the process of implementing the strategic shift mentioned above which will not require the use of either Insurance Company Subsidiary to generate the majority of the Company's revenues going forward. Rather, the Company will expect to generate the vast majority of its revenue from commissions from third-party insurers. In order to successfully implement the strategic shift the Company must have in place producer agreements with third-party insurers. Currently the Company has executed one producer agreement for approximately 25% of the existing commercial lines book of business and is expected to execute another producer agreement with a different third-party insurer for the funds available at remaining commercial lines business within a a short period of time of filing this Form 10-K. We expect to continue to underwrite the holding company level will provide existing personal lines business within our Insurance Company Subsidiaries.

With these producer agreements in place the necessary statutory capital Company expects to support be able to generate the needed revenues to meeting our premium volume growth obligations as they become due over the next twelve months. In the event there are delays in implementing the strategic shift or other uncertainties arise with respect to completion of our strategic shift during 2024, these events could have a negative effect on our liquidity and ability to satisfy our obligations as they become due. If the Company were to experience any such uncertainties, the Company believes it has alternative sources of liquidity available which are sufficient to cover any short-term needs as a result of any such uncertainties encountered. Management believes the current actions being executed to

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implement the planned strategic shift coupled with additional availablesources of available liquidity, will be sufficient to enable the Company to meet its obligations for the foreseeable future.

We are aware that our Our outstanding public debt securities are currently trading at a discount to their face amount. In order to reduce future cash interest payments, as well as future amounts due at maturity or upon redemption, we may, from time to time, purchase such debt for cash, in exchange for common stock, or for a combination of cash and common stock, in open market or privately negotiated transactions. We will evaluate any such transactions in light of then-existing market conditions, taking into account our current liquidity and prospects for future access to capital. The amounts involved in such transactions, individually or in the aggregate, may be material.

Cash Flows

Operating Activities. Cash used in operating activities for the year ended December 31, 2023 was $13.6 million compared to $40.5 million for the same period in 2022. The $26.9 million decrease in cash used in operating activities was primarily due to a $35.1 million decrease in net losses paid, a $8.9 million decrease in acquisition costs paid on our underwriting business and a $1.0 million decrease in operating expenses paid. These decreases were offset by a $23.4 million decrease in net premiums collected during the year. Funds held under reinsurance agreements were $24.6 million and $11.0 million at December 31, 2023 and 2022, respectively. The impact of changes in funds held contributed $2.4 million to the decrease in cash used in operating activities during 2023.

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Cash used in operating activities for the year ended December 31, 2022 was $40.5 million compared to cash provided by operating activities of $5.4 million for the same period in 2021. The $45.9 million decrease was primarily due to a $45.2 million increase in paid losses and $8.0 million decrease in premiums collected, net of reinsurance premiums. premiums and a $5.4 million risk fee paid. This decrease was offset by a $6.9 million decrease in the amount of acquisition costs paid during 2022 compared to 2021.

Investing Activities. Cash provided by operating used in investing activities for the year ended December 31, 2021 December 31, 2023 was $5.4 million, $272,000 compared to $3.0 million for $56.5 million of cash provided by investing activities in 2022. The $56.8 million decrease in cash provided by investing activities over the same period prior year was driven by a $102.0 million decrease in 2020. The $2.4 million increase was primarily due to proceeds from sales of investments, a $12.4 million increase $9.9 million decrease in premiums collected, net proceeds from maturities and redemptions of reinsurance premiums. This increase was investments and a $32.8 million decrease in proceeds from the sale of the agency business that occurred in 2022. These decreases were offset by a $6.6 million increase in paid claims, a $2.7 million increase in acquisition costs paid, and a $1.4 million an $83.4 million decrease in investment income received.cash used for purchases of investments in 2023 compared to 2022.

Investing Activities. Cash provided by investing activities for the year ended December 31, 2022 was $56.5 million compared to $1.4 million in 2021. The $55.1 million increase in cash provided by investing activities over the prior year was

driven by $34.3 million increase in net proceeds from sale of investments in 2022, compared to the same period in 2021. The Company also experienced an increase of $32.8 million from its sale of agency business in 2022, compared to the same period in 2021.

Cash provided by investing activities for the year ended December 31, 2021 was $1.4 million. Cash used in investing activities was $7.3 million in 2020. The $8.7 million increase in cash provided by investing activities over the prior year was driven by a reduction in the purchases of investments in 2021, compared to the same period in 2020. There was a significant repositioning of the Company's portfolio during the year ended 2020 from the COVID-19 pandemic, which caused an increase in the purchase of investments.

Financing Activities. Cash used in financing activities for the years ended December 31, 2023, was $3.2 million compared to $2.1 million of cash provided by financing activities for years ended December 31, 2022. The $5.3 million decrease was largely attributed to the Company paying down $13.9 million of its existing public debt that was due on September 30, 2023. This was offset by the Company borrowing an additional $6.7 million in debt and raising $6.0 million of preferred stock in December 2023, compared to $5.0 million of proceeds from common stock in 2022.

Cash provided by financing activities for the years ended December 31, 2022, was $2.1 million compared to $5.0 million of cash used by financing activities for years ended December 31, 2021. The $7.1 million increase was largely attributed to the Company raising $5.0 million through the issuance of additional common stock in August 2022.

Outstanding Debt

Cash used by financing activities for The Company issued $17.9 million of public senior unsecured notes ("New Public Notes") during the years ended December 31, 2021, was $5.0 million compared to $5.1 million third quarter of cash provided by financing activities for years ended December 31, 2020 2023. The New Public Notes bear an interest rate of 9.75% per annum, payable quarterly at the end of March, June, September and December and mature on September 30, 2028. The $10.1 million decrease Company may redeem the New Public Notes, in cash provided by financing activities was mostly due whole or in part, at face value at any time after September 30, 2025.

The Company paid down $500,000 of principal on its $10.5 million of subordinated notes on September 29, 2023. The Company then restructured its existing $10.0 million of subordinated notes to senior secured notes ("Senior Secured Notes") with its lender on September 30, 2023. The Senior

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Secured Notes mature on September 30, 2028, and bear an interest rate of 12.5% per annum. Interest is payable quarterly at the end of March, June, September, and December. Quarterly principal payments of $250,000 are required starting on December 31, 2023 through September 30, 2028. The Company may redeem the Senior Secured Notes, in whole or in part, for a call premium of $1.8 million less 22% of the interest payment amounts that were paid prior to the date of redemption. As of December 31, 2023, the Company was not in compliance with the tangible net worth, dividend paying down $8.0 million capacity, risk-based capital and consolidated debt to capital covenants on its Senior Secured Notes. On March 27, 2024, the holders of the senior secured notes waived the December 31, 2023 covenants, and waived any future instances of non-compliance with the same covenants going forward through May 31, 2025. Management expects to be in compliance with all debt covenants in future periods.

As of December 31, 2023, the carrying value of the New Public Notes and Senior Secured Notes were offset by $1.7 million and $897,000 of capitalized debt issuance costs, respectively. The debt issuance costs are amortized through interest expense over the life of the loans. Refer to Note 10 ~ *Debt* for additional information regarding our outstanding debt.

The Company maintained a $10.0 million line of credit during 2021. with a national bank that matured on December 1, 2022. The Company's borrowings under debt arrangements were also $2.7 million less in 2021 compared to 2020.

Outstanding Debt line of credit was not renewed after it matured. The line of credit contained interest at the London Interbank rate ("LIBOR") plus 2.75% per annum, payable monthly.

On April 24, 2020, the Company received a $2.7 million PPP loan from the line of credit Lender lender pursuant to the Paycheck Protection Program of the CARES Act administered by the SBA. The Company received notice from the SBA that the loan was 100% forgiven, including accrued interest, on July 8, 2021. This resulted in a $2.8 million gain that is included in Other Gains on the Consolidated Statement of Operations.

In 2018, the Company issued $25.3 million of Notes. The Notes bear an interest rate of 6.75% annum, payable quarterly at the end of March, June, September and December and mature on September 30, 2023. Proceeds from the Notes were used to pay down $19.5 million of the $30.0 million of subordinated notes that were issued in the third quarter of 2017. The Company did not repurchase any of the Notes during 2022 and 2021. The Company repurchased 36,761 units of the Notes in the public market during 2020 with a face value of $919,000. The Notes were repurchased at a discount to face value, which resulted in a $260,000 gain on extinguishment in 2020. This gain is reflected in the Consolidated Statement of Operations as Other gains.

The Company also has outstanding $10.5 million of Subordinated Notes maturing on September 30, 2038. The Subordinated Notes bear an interest rate of 7.5% per annum until September 30, 2023, and 12.5% thereafter, and allow for four quarterly interest payment deferrals. Interest is payable quarterly at the end of March, June, September and December. Beginning September 30, 2021, the Company may redeem the Subordinated Notes, in whole or in part, for a call premium of $1.1 million. The call premium escalates each quarter to ultimately $1.75 million on September 30, 2023, then steps up to $3.05 million on December 31, 2023, and increases quarterly at a 12.5% per annum rate thereafter.

The carrying value of the Notes and Subordinated Notes are offset by $1.0 million of debt issuance costs that will be amortized through interest expense over the life of the loans. Refer to Note 9 ~ *Debt* of the Notes to the Consolidated Financial Statements, for additional information regarding our outstanding debt.

The Company maintained a $10.0 million line of credit with a national bank (the “Lender”) that matured on December 1, 2022. The line of credit was not renewed after it matured. The line of credit contained interest at the London Interbank rate ("LIBOR") plus 2.75% per annum, payable monthly.

Contractual Obligations and Commitments

The following table is a summary of our contractual obligations and commitments as of December 31, 2022 December 31, 2023 (dollars in thousands):

Payments due by period	Payments due by period

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	Total	Less than one year	One to three years	Three to five years	More than five years	Total	Less than one year	One to three years	Three to five years	More than five years
Senior unsecured notes	$ 24,381	$ 1	$ —	$ —	$ —	$ 17,887	$ —	$ —	$ 17,887	$ —
Interest on senior unsecured notes	1,234	134	—	—	—	8,284	1,744	3,488	3,052	—
Subordinated notes	10,500	—	—	—	10,500					
Interest on subordinated notes	20,606	919	2,625	2,625	14,437					
Senior secured notes						9,750	1,000	2,000	6,750	—
Interest on senior secured notes						4,453	1,172	1,969	1,312	—
Lease obligations	1,634	328	505	432	369	1,302	274	460	390	178
Unpaid loss and loss adjustment expense (1)	165,539	59,010	66,896	28,890	10,743	174,612	50,948	68,901	37,081	17,682
Purchase Obligations (2)	1,380	360	720	300	—	1,020	360	660	—	—
Total	$ 225,274	$ 86,232	$ 70,496	$ 32,247	$ 36,299	$ 217,308	$ 55,498	$ 77,478	$ 66,472	$ 17,860

(1) The estimated unpaid loss and loss adjustment expense payments were made using estimates based on historical payment patterns. However, futur payments may be different than historical payment patterns.

(2) Includes estimated future payments under the software license agreement relating to our policy issuance system. This agreement requires minimum monthly payments of $30,000, and is variable with premium volume. The future payment assumptions are based on the minimum monthly payments. The software license agreement expires on November 1, 2026.

Regulatory and Rating Issues

The NAIC has a RBC formula to be applied to all property and casualty insurance companies. The formula measures required capital and surplus based on an insurance company's products and investment portfolio and is used as a tool to

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evaluate the capital adequacy of regulated companies. The RBC formula is used by state insurance regulators to monitor trends in statutory capital and surplus for the purpose of initiating regulatory action. In general, an insurance company must submit a calculation of its RBC formula to the insurance department of its state of domicile as of the end of the previous calendar year. These laws require increasing degrees of regulatory oversight and intervention as an insurance company's RBC declines.

At December 31, 2022 December 31, 2023, CIC fell within the Company Action Level of the RBC formula and WPIC fell within the Regulatory Action Level of the RBC formula. WPIC also fell below two other regulatory thresholds which are necessary to stay in compliance. Management is required to provide a plan to its domiciliary regulator that shows how the Companies will get above the minimum level requirements. In the event the Companies do not regain compliance, the director may suspend, revoke, or limit the certificate of authority of the Companies. Management believes that the reduction in premium anticipated by the strategic shift to use third-party insurers for substantially all of our Insurance Company Subsidiaries were its commercial lines business will be sufficient to bring the Companies back into compliance by December 31, 2024. Management expects to substantially cease all writings in excess WPIC by the end of any minimum threshold at which corrective action would be required.

Insurance operations are subject to various leverage tests (e.g., premium-to-statutory surplus ratios), which are evaluated by regulators and rating agencies. As the second quarter of December 31, 2022, on a trailing twelve-month statutory combined basis, the gross written and net written premium leverage ratios were 2.3 to 1.0 and 1.5 to 1.0, respectively. 2024.

The NAIC's IRIS was developed to assist state insurance departments in executing their statutory mandates to oversee the financial condition of insurance companies operating in their respective states. IRIS identifies thirteen industry ratios and specifies "usual values" for each ratio. State insurance regulators review the IRIS ratio results to determine if an insurer is in need of further regulatory scrutiny or action. While the ratios, individually and collectively, are useful tools for identifying companies that may be experiencing financial difficulty, they are only a guide for regulators and should not be considered an absolute indicator of a Company's financial condition. While inquiries from regulators are not uncommon, our Insurance Company Subsidiaries have not experienced any regulatory actions due to their IRIS ratio results or otherwise. results.

Recently Issued Accounting Pronouncements

Refer to Note 1 ~ *Summary of Significant Accounting Policies: Recently Issued Accounting Guidance* of the Notes to the Consolidated Financial Statements for detailed information.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices such as interest rates, other relevant market rates or price changes. The volatility and liquidity in the markets in which the underlying assets are traded directly influence market risk. The following is a discussion of our primary risk exposures and how those exposures are currently managed as of December 31, 2022 December 31, 2023. Our market risk sensitive instruments are primarily related to fixed income securities, which are available-for-sale and not held for trading purposes.

Interest Rate Risk

At December 31, 2022 December 31, 2023 and 2021, 2022, the fair value of our investment portfolio, excluding cash and cash equivalents, was $137.4 million $146.0 million and $182.7 million $137.4 million, respectively. Our investment portfolio consists principally of investment-grade, fixed-income securities, classified as debt securities. Accordingly, the primary market risk exposure to our debt portfolio is interest rate risk. In general, the fair market value of a portfolio of fixed-income securities increases or decreases inversely with changes in market interest rates, while net investment income realized from future investments in fixed-income securities increases or decreases along with interest rates. We attempt to mitigate interest rate risks by investing in securities with varied maturity dates and by managing the duration of our investment portfolio to a defined range of three to four years. The option adjusted duration of the debt securities portfolio was 3.5 2.9 and 3.6 3.5 years as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

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The table below summarizes our interest rate risk. The table also illustrates the sensitivity of the fair value of our investments, classified as debt securities and short-term investments, to selected hypothetical changes in interest rates as of December 31, 2022 December 31, 2023. The selected scenarios are not predictions of future events, but rather illustrate the effect that events may have on the fair value of the fixed-income portfolio and shareholders' equity (dollars in thousands).

Hypothetical Change in Interest Rates As of December 31, 2022	Estimated Fair Value	Estimated Change in Fair Value	Hypothetical Percentage Increase (Decrease) in Fair Value	Hypothetical Percentage Increase (Decrease) in Shareholders' Equity
200 basis point increase	127,404	$ (8,672)	(6.4)%	(46.0)%
100 basis point increase	131,597	(4,453)	(3.3)%	(23.9)%
No change	136,130	—	—	—
100 basis point decrease	141,044	4,914	3.6%	25.9%
200 basis point decrease	146,299	10,169	7.5%	53.7%

Hypothetical Change in Interest Rates As of December 31, 2023	Estimated Fair Value	Estimated Change in Fair Value	Hypothetical Percentage Increase (Decrease) in Fair Value	Hypothetical Percentage Increase (Decrease) in Shareholders' Equity
200 basis point increase	135,941	$ (7,714)	(5.4)%	(267.0)%
100 basis point increase	139,647	(4,008)	(2.8)%	(138.7)%
No change	143,655	—	—	—
100 basis point decrease	147,979	4,324	3.0%	149.7%
200 basis point decrease	152,590	8,935	6.2%	309.3%

Credit Risk

An additional exposure to our debt securities portfolio is credit risk. We manage our credit risk by investing primarily in investment-grade securities. In addition, we comply with applicable statutory requirements which limit the portion of our total investment portfolio that we can invest in any one security or issuer.

We are subject to credit risks with respect to our reinsurers. Although a reinsurer is liable for losses to the extent of the coverage which it assumes, our reinsurance contracts do not discharge our insurance companies from primary liability to each policyholder for the full amount of the applicable policy, and consequently our insurance companies remain obligated to pay claims in accordance with the terms of the policies regardless of whether a reinsurer fulfills or defaults on its obligations under the related reinsurance agreement. To mitigate our credit risk to reinsurance companies, we attempt

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to select financially strong reinsurers with an A.M. Best rating of "A-" or better and continue to evaluate their financial condition throughout the duration of our agreements.

At December 31, 2022 December 31, 2023 and 2021, 2022, the net amount due to the Company from reinsurers, including prepaid reinsurance, was $105.7 million $112.3 million and $50.0 million $99.6 million, respectively. We believe all amounts recorded as due from reinsurers are recoverable.

Effects of Inflation

We do not believe that inflation has a material effect on our results of operations, except for the effect that inflation may have on interest rates and claims costs. We consider the effects of inflation in pricing and estimating reserves for unpaid losses and LAE. The actual effects of inflation on our results are not known until claims are ultimately settled. In addition to general price inflation, we are exposed to a long-term upward trend in the cost of judicial awards for damages.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Refer to list of Financial Statement Schedules (including the Report of Independent Registered Public Accounting Firm referenced therein) set forth in Item 15 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

(a) Dismissal of Independent Registered Public Accounting Firm.

On June 1, 2022, the Audit Committee of the Board of Directors (the “Audit Committee”) of Conifer Holdings, Inc. (the “Company”) dismissed Deloitte & Touche LLP (“Deloitte”) as the Company’s independent registered public accounting firm.

During the Company’s two most recent fiscal years ended December 31, 2021 and December 31, 2020 and during the subsequent interim period from January 1, 2022 through June 1, 2022, (i) there were no disagreements with Deloitte on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures that, if not resolved to Deloitte’s satisfaction, would have caused Deloitte to make reference to the subject matter of the disagreement in connection with its reports and (ii) there were no “reportable events” as defined in Item 304(a)(1)(v) of Regulation S-K.

(b) New Independent Registered Public Accounting Firm.

On June 1, 2022, the Audit Committee approved the engagement of Plante & Moran, PLLC (“Plante Moran”) as its new independent registered public accounting firm, subject to Plante Moran completing its client acceptance process. Plante Moran’s appointment is for the Company’s fiscal year ending December 31, 2022, and related interim periods.

During the Company’s two most recent fiscal years ended December 31, 2021 and December 31, 2020, and for the subsequent interim period through June 1, 2022, neither the Company nor anyone on its behalf consulted Plante Moran regarding (i) the application of accounting principles to a specified transaction, either completed or proposed; or on the type of audit opinion that might be rendered on the consolidated financial statements of the Company, and neither a written report nor oral advice was provided to the Company that Plante Moran concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement as defined in Item 304(a)(1)(iv) of Regulation S-K or a reportable event as described in Item 304(a)(1)(v) of Regulation S-K. None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company’s management, including its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of December 31, 2022 December 31, 2023. Based on such evaluations, the Chief Executive Officer and Chief Financial Officer have concluded the Company’s disclosure controls and procedures are effective in recording, processing, summarizing, and reporting, on a timely basis, information required to be disclosed by the

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Company in the reports that it files or submits under the Exchange Act, and that information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). 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

internal control over financial reporting based on the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Company's management has concluded that, as of December 31, 2022 December 31, 2023, the Company's internal control over financial reporting was effective.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

There was no change in internal controls over financial reporting during the quarter ended December 31, 2022 December 31, 2023 that has materially affected, or is reasonably likely to materially effect, our internal controls over financial reporting.

Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting as required by Section 404(c) of the Sarbanes Oxley Act of 2002 due to the Company's small reporting company status elected on Form 10-K.

ITEM 9B. OTHER INFORMATION

None. During the three months ended December 31, 2023, none of the Company's directors or Section 16 officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any "non-Rule 10b5-1 trading arrangement."

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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PART III

Certain information required by Part III is omitted from this Report in that the Registrant will file a definitive Proxy Statement pursuant to Regulation 14A (the "Proxy Statement") not later than 120 days after the end of the fiscal year covered by this report and certain information included therein is incorporated herein by reference. Only those sections of the Proxy Statement that specifically address the items set forth herein are incorporated by reference.

ITEMS 10 to 14

Items 10 through 14 (inclusive) of this Part III are not included herein because the Company will file a definitive Proxy Statement with the SEC that will include the information required by such Items, and such information is incorporated herein by reference. The Company's Proxy Statement will be filed with the SEC and delivered to stockholders in connection with the Annual Meeting of Shareholders to be held on May 17, 2023 May 22, 2024 and the information under the following captions is included in such incorporation by reference: *"Information about the Nominees, the Incumbent Directors and Other Executive Officers," "Corporate Governance," "Code of Conduct," "Report of the Audit Committee," "Section 16(a) Beneficial Ownership Reporting Compliance," "Compensation of Executive Officers," "Director Compensation," "Report of the Compensation Committee of the Board on Executive Compensation," "Compensation Committee Interlocks and Insider Participation," "Security Ownership of Certain Beneficial Owners and Management,"* "*Certain Relationships and Related Party Transactions," "Independence Determination," and "The Second Proposal on Which You are Voting on Ratification of Appointment of Independent Registered Public Accounting Firm."* Our Code of Business Conduct and Ethics can be found on our website www.cnfrh.com.

CONIFER HOLDINGS, INC. AND SUBSIDIARIES

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Report:

Page No.		Page No.

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1.	List of Financial Statements		
	Report of Independent Registered Public Accounting Firm (PCAOB ID No. 166)		
	Report of Independent Registered Public Accounting Firm (PCAOB ID No. 166 & No. 34)	67	60

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Consolidated Balance Sheets – December 31, 2023 and 2022	70	63

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Consolidated Statements of Operations – For Years Ended December 31, 2022, 2021, and 2020	71	Consolidated Statements of Operations – For Years Ended December 31, 2023 and 2022 64

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Consolidated Statements of Comprehensive Income (Loss) – For Years Ended December 31, 2022, 2021, and 2020	Consolidated Statements of Comprehensive Income (Loss) – For Years Ended December 31, 2023 and 2022	72 65

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Consolidated Statement of Changes in Shareholders' Equity – For Years Ended December 31, 2022, 2021, and 2020	73	Consolidated Statement of Changes in Shareholders' Equity – For Years Ended December 31, 2023 and 2022 66

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Consolidated Statements of Cash Flows – For Years Ended December 31, 2022, 2021, and 2020	Consolidated Statements of Cash Flows – For Years Ended December 31, 2023 and 2022	74
Notes to Consolidated Financial Statements	Notes to Consolidated Financial Statements	75

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2.	Financial Statement Schedules	
	Schedule I – Summary of Investments Other Than Investments in Related Parties – Omitted as information is included in the consolidated financial statements or notes thereto	See Note 5 ~ *Investments*

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the consolidated financial statements or notes thereto - See Note 4 ~ *Investments*	Schedule II – Condensed Financial Information of Registrant	106	102
Schedule III –	Schedule III – Supplementary Insurance Information – Omitted as information is included in the consolidated financial statements or notes thereto - See Note 20 ~ *Segment Information*		

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Supplementary Insurance Information – Omitted as information is included in the consolidated financial statements or notes thereto - See Note 19 ~ *Seg*

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Schedule IV – Reinsurance – Omitted as information is included in the consolidated financial statements or notes thereto See Note 8 ~ *Reinsurance*	Schedule IV – Reinsurance – Omitted as information is included in the consolidated financial statements or notes thereto See Note 9 ~ *Reinsurance*

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Schedule V – Valuation and Qualifying Accounts	Schedule V – Valuation and Qualifying Accounts		
Schedule VI – Supplemental Information Concerning Property and Casualty Insurance Operations – Om	Schedule VI – Supplemental Information Concerning Property and Casualty Insurance Operations – Omitted as information is included in the consolidated financial statements and notes thereto		

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itted as information is included in the consolidated financial statements and notes thereto			
3.	Exhibit 1	Exhibits – The Exhibits listed on the accompanying Exhibit Index immediately following the Financial Statement Schedules are filed as part of, or incorporated by reference into, this Form 10-K	107
	Exhibits – 1 The Exhibits listed on the accompanying Exhibit Index		

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immediately following the Financial Statement Schedules are filed as part of, or incorporated by reference into, this Form 10-K	

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
Conifer Holdings, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Conifer Holdings, Inc. (the "Company") as of December 31, 2022, December 31, 2023 and 2022; the related consolidated statements of operations, income, comprehensive income, (loss), shareholders' equity, and cash flows for the year years ended December 31, 2022, December 31, 2023 and 2022; and the related notes and schedules (collectively referred to as the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022, December 31, 2023 and 2022 and the results of its operations and its cash flows for the year years ended December 31, 2022, December 31, 2023 and 2022 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current year audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (1) relate relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

Liability for Unpaid Losses and Loss Adjustment Expenses - Refer to Notes 1 and 7 8 to the Financial Statements

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Critical Audit Matter Description

The Company's estimated liability for unpaid losses and loss adjustment expense (LAE) totaled $165.5 million $175 million at December 31, 2022 December 31, 2023. The Company's reserve for unpaid losses and LAE represents the estimated ultimate cost of settling all claims incurred related to insured events that have occurred as of the reporting date. The Company determines the reserve for unpaid losses and LAE on an individual-case basis for those claims reported as of December 31, 2022 December 31, 2023, with bulk reserves for additional development, if any, on the reported claims and an estimate for unpaid losses and LAE for all claims incurred related to insured events that have occurred as of December 31, 2022 December 31, 2023 but have not yet been reported by the policyholders to the Company (collectively referred to as incurred but not reported, or IBNR). The Company estimates IBNR reserves by projecting ultimate losses using industry-accepted actuarial methods. Management engages an independent actuarial firm to

prepare an actuarial analysis of unpaid losses and LAE and provides a statement of actuarial opinion on management's estimate of unpaid losses and LAE.

Estimating the liability for unpaid losses and LAE requires significant judgment, relating to factors such as claim development patterns, severity, type and jurisdiction of loss, economic conditions, legislative development, and a variety of actuarial assumptions. Estimating the liability for unpaid losses and LAE is inherently uncertain, dependent on management's judgment, and significantly impacted by claim and actuarial factors and conditions that may change over time. The ultimate settlement of unpaid losses and LAE may vary materially from the recorded liability, and such variance may adversely affect the Company's financial results. For these reasons, we identified the estimate of unpaid losses and LAE as a critical audit matter, as it involved especially subjective auditor judgment.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to the unpaid losses and LAE reserve included the following, among others:

- We obtained an understanding and evaluated the design of key controls over the process and data used by management to estimate the liab for unpaid losses and LAE, including those controls related to the estimation of and management's review of the estimated liability of unpaid losses and LAE.
- We tested the completeness, integrity, and accuracy of the underlying data used by the Company's and their engaged actuary, actuaries, suc paid loss data, case reserve data, loss adjustment expense data, and loss development tables.
- With assistance from our engaged actuarial specialist, we reviewed the reasonableness of the methods and assumptions used by the Comp and their engaged actuary to develop their unpaid losses and LAE reserve estimate.
- We performed additional analysis over certain lines of business where historical development of losses could have a significant impact on th current estimate of unpaid losses.
- We evaluated management's prior year estimate for unpaid losses and LAE and the factors leading to changes in the estimate recognized in current year.

Purchase of Additional Ownership Interest and Subsequent Sale of Certain Agency Business Going Concern Analysis – Refer to Note 2 to 1 of the financial statements Financial Statements

Critical Audit Matter Description

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On October 13, 2022, As described in Note 1 to the Company's consolidated financial statements, the Company completed a step acquisition by purchasing has experienced continued net losses, negative operating cash flows, significant adverse claim development, and has breached multiple debt covenants (that have subsequently been waived through May 31, 2025). Management has developed cash flow projections based on management's plans which they believe will allow the remaining 50 percent ownership interest in Venture Agency Holdings, Inc. (VSRM) Company to meet its obligations for $9.7 million, resulting in VSRM being owned 100 percent by twelve months from the Company. This resulted in a gain on date of issuance of the revaluation of VSRM to fair value at the acquisition date totaling $8.8 million, which is reflected in Revenues and Other income on the Consolidated Statement of Operations.consolidated financial statements.

On October 14, 2022, VSRM sold certain producer business assets to an independent third party. The assets involved in this transaction relate to VSRM's insurance brokerage Auditing management's going concern analysis and associated services provided largely to the security sector. Collectively, these two events are referred to as the VSRM Transaction.

We identified the VSRM Transaction as a critical audit matter evaluation and disclosure of liquidity was challenging because of the significant estimates and assumptions made subjectivity used by management to estimate when evaluating whether the fair value of VSRM Company will meet its obligations as they come due, which are based on October 13, 2022, which was used in determining the fair value of the 50 percent ownership interest to 100 percent ownership and the resulting gain on revaluation and the fair value of the assets and liabilities sold. In addition, the events and transaction as a whole are considered complex and infrequent in nature. The audit of the fair value ofVSRM and determination of the gain recognized from revaluation as a result of the step acquisition required auditor subjectivity and judgment and increased audit effort.significant future actions by management.

How the Critical Audit Matter was Addressed in the Audit

Our The primary procedures we performed to audit procedures related to the VSRM Transaction this critical audit matter included the following, among others: following:

- We reviewed all supporting transaction documents for the VSRM Transaction related to the step acquisition that resulted from the purchase additional ownership interest and obtaining control of VSRM and documents related to the sale of producer business assets to an outside thi party.
- We obtained an understanding and evaluated the design of the business purpose of the VSRM Transaction.
- We obtained an understanding of management's internal controls over developing the Company's going concern analysis. We evaluated the design of controls over management's process to forecast financial results and data used by liquidity for one year after the Company in date t determination consolidated financial statements are issued, including management's review of the fair value of the assets acquired significant assumptions and liabilities assumed in the VSRM acquisition including the related revaluation gain.

- We tested the completeness and accuracy of underlying data use in the underlying internal financial data and supporting documents that we used by the Company to estimate the fair value of VSRM on the acquisition date and the resulting gain from obtaining control prior to the sal the business producer assets. forecast.
- To assess the Company's ability to forecast revenue, we compared historical revenue to actual results. We assessed the fair value reasonableness of the individual assets Company's assumptions related to forecasted revenue, including expected premium volume in comparison to historical experience and liabilities that other sources of future revenue and considered whether the assumptions were acquire when the Company consistent with evidence obtained control of VSRM, which included reviewing the valuation model and key inputs used b management for reasonableness.
- With the assistance of our internal valuation specialists, we evaluated the judgments made by the Company in determining the fair value othe areas of the assets acquired, including identified intangible assets and goodwill, and liabilities assumed. audit.

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We reviewed the asset purchase agreement related to the sale of the VSRM business and agreed the assets and liabilities included in the sale to those derecognized by management of the Company at the disposal date.

- We evaluated the overall completeness sensitivity and accuracy impact of reasonably possible changes in the VSRM Transaction disclosures within the footnotes key assumptions and estimates, including management's ability to execute a planned change in business strategy, poter uncertainty in timing of execution of such a transition in strategy, and management's projections of future claims expense, based on historica adverse development as well as other sources of liquidity available to the Company.
- We addressed whether management plans were considered probable of being implemented, and when considered with other potential sourc liquidity available to the Company, were considered sufficient to overcome the current liquidity challenges present.
- We also evaluated management's liquidity disclosures in the consolidated financial statements. statements for accuracy and completeness.

/s/ Plante & Moran, PLLC

We have served as the Company's auditor since 2022.

Chicago, Illinois

March 27, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Conifer Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Conifer Holdings, Inc. and subsidiaries (the "Company") as of December 31, 2021, the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity, and cash flows, for each of the two years in the period ended December 31, 2021, and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

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Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Unpaid losses and loss adjustment expenses — Refer to Note 1 and Note 6 to the financial statements

Critical Audit Matter Description

Management's estimate of the reserve for unpaid losses and loss adjustment expenses (LAE) relies on several key judgments, including (i) actuarial methods, (ii) relative weights given to these methods by line of business and accident year, and (iii) underlying actuarial assumptions.

Actuarial assumptions include (i) expected loss and LAE ratios and (ii) loss development factors applied to paid losses and case reserves to develop an incurred but not reported liability by line of business and accident year. As of December 31,

2021, the unpaid losses and LAE reserve was $139.1 million. Various factors are considered by management in the estimate for the unpaid losses and LAE, including the Company's experience with similar cases, actual claims paid, historical trends involving claim payment patterns and pending levels of unpaid claims, loss management programs, product mix and contractual terms, changes in laws and regulations, judicial decisions and economic conditions. Management uses a combination of actuarial methods to project ultimate losses by line of business and by accident year.

We identified the reserves for unpaid losses and LAE as a critical audit matter because of the significant judgments made by management to develop their valuation. This required a high degree of auditor subjectivity and judgment and increased audit effort, including the involvement of our actuarial specialists, when performing audit procedures to evaluate management's selection of the actuarial methods, weights given to these methods by line of business and accident year, expected loss and LAE ratios, and loss development factors.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the valuation of unpaid losses and LAE included the following, among others:

- We considered changes to the Company in the current year, including:
  - Changes to the nature of insurance policies written in the current year, such as changes in retentions, limits and types of insurance ris inherent in the policies.
  - Changes in the Company's mix of business written, by state.
  - Changes in the Company's operations, including those related to changes in claim handling practices, changes in case reserving practices, and pricing changes that could impact the predictability of the trends and patterns observed in the historical data.
- We tested the completeness and accuracy of the underlying claims data used by the Company to develop its expected loss and LAE ratios and loss development factors.
- With the assistance of our actuarial specialists, we evaluated the reasonableness of the recorded unpaid losses and LAE by:
  - Evaluating the actuarial methods and weights given to these methods by management to develop the estimate of the reserve for unpa losses and LAE.
  - Developing an independent estimate of the reserve for unpaid losses and LAE, based on actuarial methodologies.
  - Performing a retrospective analysis of management's estimated claims emergence in comparison to actual results.

Sale of Certain Agency Business — Refer to Note 2 to the financial statements

Critical Audit Matter Description

During 2021, the Company sold to Venture Agency Holdings, Inc. ("Venture") the customer accounts and other related assets of a portion of its personal and commercial lines of business for the purchase price of $10 million (the "Venture Transaction"). The Company recognized an $8.9 million gain in connection with the Venture Transaction. In order to determine the value of the portion of the business sold, the Company obtained a third-party valuation based on a weighting of discounted cash flow and earnings before interest, taxes, depreciation and amortization ("EBITDA") multiple valuation

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methods. The valuation included significant estimates and assumptions related to (i) forecasted revenue and EBITDA and (ii) the selection of the EBITDA multiple and discount rate.

We identified the valuation of the Venture Transaction as a critical audit matter because of the significant estimates and assumptions made by management to estimate the fair value of the portion of the business sold and the related gain recognized. The audit of the fair value of the Venture Transaction required a high degree of auditor subjectivity and judgment and increased audit effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to (i) forecasted revenue and EBITDA and (ii) the selection of the EBITDA multiple and discount rate.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Venture Transaction included the following, among others:

- Tested the completeness and accuracy of the underlying data used by the Company to develop the forecasted financial information utilized in th valuation.
- Evaluated the reasonableness of the Company's forecasted financial information by benchmarking the Company's forecasts of future revenues EBITDA to the industry and peer companies.
- Performed a sensitivity analysis of the key fair value assumptions impacting the discounted cash flow valuation method.
- With the assistance of our fair valuation specialists, we evaluated:
  - the appropriateness of the valuation methods, the EBITDA multiple and the discount rate used in the third-party valuation.
  - the reasonableness of the recorded valuation of the portion of the business sold by performing an independent range of the valuation estimates.

/s/ DELOITTE & TOUCHE LLP

Detroit, East Lansing, Michigan

March 10, 2022 April 1, 2024

We began serving as the Company's auditor in 2010. In 2022, we became the predecessor auditor.62

CONIFER HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(dollars in thousands)

	December 31,		December 31,	
	2022	2021	2023	2022
Assets				
Investment securities:				
Debt securities, at fair value (amortized cost of $127,119 and $150,732, respectively)	$ 110,201	$ 149,783		
Equity securities, at fair value (cost of $1,905 and $10,972, respectively)	1,267	9,931		

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Debt securities, at fair value (amortized cost of $135,370 and $127,119, respectively)			$ 122,113	$ 110,201
Equity securities, at fair value (cost of $2,385 and $1,905, respectively)			2,354	1,267
Short-term investments, at fair value	25,929	23,013	20,838	25,929
Total investments	137,397	182,727	145,305	137,397
Cash and cash equivalents	28,035	9,913	11,125	28,035
Premiums and agents' balances receivable, net	21,802	21,197	29,369	21,802
Receivable from Affiliate	1,261	5,784	1,047	1,261
Reinsurance recoverables on unpaid losses	82,651	40,344	70,807	82,651
Reinsurance recoverables on paid losses	6,653	1,347	12,619	6,653
Prepaid reinsurance premiums	16,399	8,301	28,908	16,399
Deferred policy acquisition costs	10,290	12,267	6,285	10,290
Other assets	7,862	8,524	6,339	7,862
Total assets	$ 312,350	$ 290,404	$ 311,804	$ 312,350
Liabilities and Shareholders' Equity				
Liabilities:				
Unpaid losses and loss adjustment expenses	$ 165,539	$ 139,085	$ 174,612	$ 165,539
Unearned premiums	67,887	65,269	65,150	67,887
Reinsurance premium payable	6,144	5,318		
Reinsurance premiums payable			246	6,144
Debt	33,876	33,564	25,061	33,876
Funds held under reinsurance agreements			24,550	11,084
Premiums payable to other insureds			13,986	—
Accounts payable and accrued expenses	8,870	6,665	5,310	8,870
Total liabilities	293,400	249,901	308,915	293,400
Commitments and contingencies	—	—	—	—

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Shareholders' equity:				
Common stock, no par value (100,000,000 shares authorized; 12,215,849 and 9,707,817 issued and outstanding, respectively)	97,913	92,692		
Preferred stock, no par value (10,000,000 shares authorized; 1,000 and 0 issued and outstanding, respectively)			6,000	—
Common stock, no par value (100,000,000 shares authorized; 12,222,881 and 12,215,849 issued and outstanding, respectively)			98,100	97,913
Accumulated deficit	(60,760)	(50,079)	(86,683)	(60,760)
Accumulated other comprehensive income (loss)	(18,203)	(2,110)	(14,528)	(18,203)
Total shareholders' equity	18,950	40,503	2,889	18,950
Total liabilities and shareholders' equity	$ 312,350	$ 290,404	$ 311,804	$ 312,350

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONIFER HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(dollars in thousands, except per share data)

	Year Ended December 31,			Year Ended December 31,	
	2022	2021	2020	2023	2022
Revenue and Other Income					
Gross earned premiums	$ 135,401	$ 123,050	$ 106,614	$ 146,572	$ 135,401
Ceded earned premiums	(38,690)	(24,248)	(17,511)	(62,637)	(38,690)
Net earned premiums	96,711	98,802	89,103	83,935	96,711
Net investment income	3,043	1,968	3,156	5,526	3,043
Net realized investment gains (losses)	(1,505)	2,878	8,126	(20)	(1,505)
Change in fair value of equity securities	403	(2,020)	228	608	403
Gain from VSRM Transaction	8,810	—	—	—	8,810
Loss portfolio transfer risk fee	(5,400)	—	—	—	(5,400)
Gain from sale of renewal rights				2,335	—

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Other gains (losses)	59	11,664	260	—	59
Agency commission income				5,680	1,414
Other income	2,768	2,671	2,615	694	1,354
Total revenue and other income	104,889	115,963	103,488	98,758	104,889
Expenses					
Losses and loss adjustment expenses, net	81,440	69,861	56,228	82,413	81,440
Policy acquisition costs	22,179	28,451	26,105	20,892	22,179
Operating expenses	18,789	16,509	18,468	17,891	18,789
Interest expense	2,971	2,852	2,925	3,206	2,971
Total expenses	125,379	117,673	103,726	124,402	125,379
Income (loss) before income taxes	(20,490)	(1,710)	(238)	(25,644)	(20,490)
Equity earnings in Affiliate, net of tax	368	824	839		
Equity earnings (losses) in Affiliate, net of tax				(251)	368
Income tax expense (benefit)	(9,441)	208	6	9	(9,441)
Net income (loss)	$ (10,681)	$ (1,094)	$ 595	$ (25,904)	$ (10,681)
Preferred stock dividends				19	—
Net income (loss) allocable to common shareholders				(25,885)	(10,681)
Net income (loss) per share, basic and diluted	$ (1.00)	$ (0.11)	$ 0.06		
Earnings (loss) per common share, basic and diluted				$ (2.12)	$ (1.00)
Weighted average common shares outstanding, basic and diluted	10,692,090	9,691,998	9,625,059	12,220,511	10,692,090

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONIFER HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

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(dollars in thousands)

	Year Ended December 31,			Year Ended December 31,	
	2022	2021	2020	2023	2022
Net income (loss)	$ (10,681)	$ (1,094)	$ 595	$ (25,904)	$ (10,681)
Other comprehensive income (loss), net of tax:					
Unrealized investment gains (losses):					
Unrealized investment gains (losses) during the period	(16,024)	(2,937)	1,589	3,624	(16,024)
Income tax expense (benefit)	—	—	—	—	—
Unrealized investment gains (losses), net of tax	(16,024)	(2,937)	1,589	3,624	(16,024)
Less: reclassification adjustments to:					
Net realized investment gains (losses) included in net income (loss)	69	85	1,166	(51)	69
Income tax expense (benefit)	—	—	—	—	—
Total reclassifications included in net income (loss), net of tax	69	85	1,166	(51)	69
Other comprehensive income (loss)	(16,093)	(3,022)	423	3,675	(16,093)
Total comprehensive income (loss)	$ (26,774)	$ (4,116)	$ 1,018	$ (22,229)	$ (26,774)

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONIFER HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statement of Changes in Shareholders' Equity
(dollars in thousands)

No Par, Common Stock		Retained Earnings	Accumulated Other	Total	No Par, Preferred Stock		No Par, Common Stock		Retained Earnings	Accumulated Other	Total
Shares	Amount	(Accumulated deficit)	Comprehensive Income (Loss)	Shareholders' Equity	Shares	Amount	Shares	Amount	(Accumulated deficit)	Comprehensive Income (Loss)	Shareholders' Equity

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	9,59	**91,**			**42,**							
Balances at	**2,86**	**81**	**(49,**		**72**							
January 1, 2020	**1**	**$ 6**	**$ 580)**	**$ 489**	**$ 5**							
Net income (loss)					59							
	—	—	595	—	5							
Repurchase of	(11,	(3										
common stock	586)	6)	—	—	(36)							
Stock-based												
compensation	100,	70			70							
expense	453	6	—	—	6							
Other												
comprehensive					42							
income	—	—	—	423	3							
Balances at	**9,68**	**92,**			**44,**							
December 31, 2020	**1,72**	**48**	**(48,**		**41**							
	8	**6**	**985)**	**912**	**3**							
Net income (loss)					(1,							
			(1,0		09							
	—	—	94)	—	4)							
Repurchase of	(3,8	(1										
common stock	86)	2)	—	—	(12)							
Stock-based												
compensation	29,9	21			21							
expense	75	8	—	—	8							
Other					(3,							
comprehensive				(3,0	02							
income (loss)	—	—	—	22)	2)							
Balances at	**9,70**	**92,**			**40,**							
December 31, 2021	**7,81**	**69**	**(50,**	**(2,1**	**50**							
	7	**$ 2**	**$ 079)**	**$ 10)**	**$ 3**							
Balances at												
January 1, 2022						**—**	**—**	**9,707,817**	**92,692**	**(50,079)**	**(2,110)**	**40,503**
Net income (loss)					(10							
			(10,		,68							
	—	—	681)	—	1)	—	—	—	—	(10,681)	—	(10,681)
Repurchase of	(1,9											
common stock	68)	10	—	—	10	—	—	(1,968)	10	—	—	10
Issuance of	2,50											
common stock	0,00	5,0			5,0							
private placement	0	00	—	—	00	—	—	2,500,000	5,000	—	—	5,000
Stock-based												
compensation	10,0	21			21							
expense	00	1	—	—	1	—	—	10,000	211	—	—	211
Other					(16							
comprehensive				(16,	,09							
income (loss)	—	—	—	093)	3)	—	—	—	—	—	(16,093)	(16,093)

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Balances at December 31, 2022	**12,215,849**	**$ 97,913**	**$ (60,760)**	**$ (18,203)**	**$ 18,950**								
Net income (loss)	—	—	—	—	(25,904)	—	(25,904)						
Issuance of preferred stock	1,000	6,000	—	—	—	—	6,000						
Repurchase of common stock	—	—	(1,968)	(3)	—	—	(3)						
Cash dividends paid on preferred stock	—	—	—	—	(19)	—	(19)						
Stock-based compensation expense	—	—	9,000	190	—	—	190						
Other comprehensive income (loss)	—	—	—	—	—	3,675	3,675						
Balances at December 31, 2023	**1,000**	**$ 6,000**	**12,222,881**	**$ 98,100**	**$ (86,683)**	**$ (14,528)**	**$ 2,889**						

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONIFER HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(dollars in thousands)

	Year Ended December 31,			Year Ended December 31,	
	2022	**2021**	**2020**	**2023**	**2022**
Cash Flows from Operating Activities					
Net income (loss)	$ (10,681)	$ (1,094)	$ 595	$ (25,904)	$ (10,681)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Gain from sale of renewal rights				(2,335)	—
Gain upon consolidation of VSRM (1) and sale of agency business	(10,052)	—	—	—	(10,052)
Gain on sale of agency business	-	(8,910)	—		
Depreciation and amortization	417	423	437	545	417
Amortization of bond premium and discount, net	320	523	655	(871)	320
Net realized investment (gains) losses	1,505	(2,878)	(8,126)	20	1,505

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Change in fair value of equity securities	(403)	2,020	(228)	(608)	(403)
Loss on sale of fixed assets	33	—	—	—	33
Deferred Income tax expense	(9,396)	—	—	(17)	(9,396)
Stock-based compensation expenses	211	218	706	190	211
Equity earnings in Affiliate, net of tax	(368)	(824)	(839)		
PPP Loan forgiveness	—	(2,745)	0		
Equity (earnings) loss in Affiliate, net of tax				251	(368)
Other	60	17	(262)	—	60
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Premiums, agents' balances and other receivables	(594)	(811)	311	(7,549)	(594)
Reinsurance recoverables	(47,613)	(15,335)	1,378	5,878	(47,613)
Prepaid reinsurance premiums	(8,098)	(6,985)	(66)	(12,509)	(8,098)
Deferred policy acquisition costs	1,977	(24)	(337)	4,005	1,977
Other assets	(138)	949	908	250	(138)
Increase (decrease) in:					
Unpaid losses and loss adjustment expenses	26,454	27,815	4,024	9,073	26,454
Unearned premiums	2,618	9,045	4,721	(2,737)	2,618
Funds held under reinsurance agreements				13,450	11,100
Reinsurance premiums payable	11,926	5,318	—	(5,898)	826
Premiums payable to other insureds				13,986	—
Accounts payable and other liabilities	1,348	(1,367)	(895)	(2,612)	1,348
Net cash provided by operating activities	(40,474)	5,355	2,982	(13,392)	(40,474)
Cash Flows From Investing Activities					
Purchases of investments	(318,227)	(226,794)	(391,588)	(234,869)	(318,227)
Proceeds from maturities and redemptions of investments	20,324	25,834	23,403	10,424	20,324
Proceeds from sales of investments	324,091	198,408	360,926	222,772	324,091
Proceeds from sale of renewal rights				2,335	—
Proceeds from sale of agency business, net of $271 of cash disposed of (1)	32,759	4,000	—	—	32,759
Purchase of VSRM, net of $3,920 cash acquired (1)	(1,947)	—	—	—	(1,947)
Deconsolidation of SSU (1)	(497)	—	—	—	(497)
Dividends from Affiliate	—	1,000	—		
Other purchases	—	(1,071)	(78)		
Contribution to SSU (1)				(934)	—

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Net cash provided by (used in) investing activities	56,503	1,377	(7,337)	(272)	56,503
Cash Flows From Financing Activities					
Proceeds received from issuance of shares of preferred stock				6,000	—
Proceeds received from issuance of shares of common stock	5,000	—	—	—	5,000
Proceeds from issuance of long-term debt				6,727	—
Repurchase of common stock	10	(12)	(36)	(3)	10
Borrowings under lines of credit	19,500	3,000	5,745	—	19,500
Repayment of lines of credit	(19,500)	(8,000)	(625)	—	(19,500)
Paydown of long-term debt	(2,917)	—	—	(13,971)	(2,917)
Debt issuance costs				(1,999)	—
Net cash provided by (used in) financing activities	2,093	(5,012)	5,084	(3,246)	2,093
Net increase (decrease) in cash	18,122	1,720	729	(16,910)	18,122
Cash at beginning of period	9,913	8,193	7,464	28,035	9,913
Cash at end of period	$ 28,035	$ 9,913	$ 8,193	$ 11,125	$ 28,035
Supplemental Disclosure of Cash Flow Information:					
Interest paid	$ 2,979	$ 2,883	$ 2,586		
Income taxes paid (refunded), net	$ (11)	$ 163	$ (82)		
Increase in note receivable from sale of agency business	$ —	$ 6,000	$ —		

(1) See Note 23 ~ *VSRM Transaction*

The accompanying notes are an integral part of the Consolidated Financial Statements.

74

67

CONIFER HOLDINGS, INC. AND SUBSIDIARIES
Supplemental Disclosure of Cash Flow Information
(dollars in thousands)

	Year Ended December 31,	
	2023	**2022**
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 3,077	$ 2,979
Income taxes paid (refunded), net	1	(11)

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Exchanging of public senior unsecured notes	11,160	—
Preferred stock dividends declared but not paid at end of period	19	—

CONIFER HOLDINGS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Recent Developments

COVID-19 (the “Pandemic”) continues to cause significant disruption to public health, the global economy, financial markets, and commercial, social and community activity in general. As there has been a significant reduction in reported cases and correspondingly a reduction in government restrictions, we see reduced risk to our business. We continue to monitor potential risks the Pandemic may present including a potential resurgence. Our exposure to the Pandemic is manifold. The majority of our employees continue to work remotely however strict “shelter-in-place” or “stay-at-home” orders have been lifted. A significant portion of our revenues are generated from the hospitality sector within the U.S. which remains under stress due to the threats of resurgence and resource shortages that resulted from the Pandemic.

We have continued to provide customer service, process new and renewal business, handle claims and otherwise manage all operations even though the vast majority of the staff is working remotely. To date, we have not seen a major disruption in our business as a result of the Pandemic and currently do not expect to see a material negative impact to our financial position or results of operations as a result of the Pandemic.

Basis of Presentation and Management Representation

The consolidated financial statements include accounts, after elimination of intercompany accounts and transactions, of Conifer Holdings, Inc. (the “Company” or “Conifer”), its wholly owned subsidiaries Conifer Insurance Company ("CIC"), Red Cedar Insurance Company ("RCIC"), White Pine Insurance Company ("WPIC"), Conifer Insurance Services ("CIS") formerly known as Sycamore Insurance Agency, Inc. ("Sycamore"), and as of October 13, 2022, VSRM, Inc. ("VSRM"). VSRM has substantially no operations following the contribution to SSU as described in Note 2 3 ~ *VSRM Transaction*. CIC, WPIC, and RCIC are collectively referred to as the "Insurance Company Subsidiaries." On a stand-alone basis Conifer Holdings, Inc. is referred to as the "Parent Company." VSRM owns a 50% non-controlling interest in Sycamore Specialty Underwriters, LLC ("SSU" or "Affiliate").

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), which differ from statutory accounting practices prescribed or permitted for insurance companies by regulatory authorities.

Business

The Company is engaged in the sale of property and casualty insurance products and has organized its principal operations into three types of insurance businesses: commercial lines, personal lines, and agency business. The Company underwrites a variety of specialty insurance products, including property, general liability, liquor liability, automobile, and homeowners and dwelling policies. The Company markets and sells its insurance products through a network of independent agents, including managing general agents, whereby policies are written in all 50 states in the United States (“U.S.”). The Company’s corporate headquarters are located in Troy, Michigan with additional office facilities in Florida and Michigan.

Summary of Significant Accounting Policies

Use of Estimates

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The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In applying these estimates, management makes subjective and complex judgments that frequently require assumptions about matters that are inherently uncertain, including uncertainties associated with the Pandemic. While management believes the amounts included in the consolidated financial statements reflect management's best estimates and assumptions, actual results may differ from these estimates.

Cash, Cash Equivalents, and Short-term Investments

Cash consists of cash deposits in banks, generally in operating accounts. Cash equivalents consist of money-market funds that are specifically used as overnight investments tied to cash deposit accounts. Short-term investments, consisting of money-market funds, are classified as short-term investments in the consolidated balance sheets as they relate to the Company's investment activities.

Lease Accounting

The Company accounts for leases under FASB Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842), which required the recognition of a right-of-use asset and a corresponding lease liability, discounted to the present value upon initial recognition, for all leases that extend beyond 12 months. For operating leases, the asset and liability are amortized over the lease term with expense recognized on a straight-line basis and all cash flows included in the operating section of the consolidated statement of cash flows. We do not have any financing leases. Our operating leases consist primarily of real

estate utilized in the operation of our businesses with lease terms ranging from 5 to 10 years. Management has determined the appropriate discount rate to use in calculating the right-to-use asset and lease liability is 6.75 9.5%. The Company records a right-of-use asset and lease liabilities included in Other Assets and Other Liabilities in the Consolidated Balance Sheets. As of December 31, 2023, the Company had a right-of-use asset of $960,000, and lease liabilities of $1.0 million. As of December 31, 2022, the Company had a right-of-use asset of $1.3 million, and lease liabilities of $1.3 million. As of December 31, 2021, the Company had a right-of-use asset of $1.4 million, and lease liabilities of $1.5 million.

Investment Securities

Debt securities are classified as available-for-sale and reported at fair value. The Company determines the fair value using the market approach, which uses quoted prices or other relevant data based on market transactions involving identical or comparable assets. The Company purchases available-for-sale debt securities with the expectation that they will be held to maturity, however the Company may sell them if market conditions or credit-related risk warrant earlier sales. The Company does not have any securities classified as held-to-maturity or trading.

We review available-for-sale debt securities for credit losses based on current expected credit loss methodology at the end of each reporting period. We do not have any securities classified as trading or held to maturity.

At each quarter-end, for available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through earnings.

For debt securities available-for-sale that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this

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assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. Changes in the allowance for credit losses are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when management believes the uncollectability of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met. Our outside investment managers assist us in this evaluation.

The change in unrealized gain and loss on debt securities is recorded as a component of accumulated other comprehensive income (loss), net of the related deferred tax effect, until realized.

The debt securities portfolio includes structured securities. The Company recognizes income from these securities using a constant effective yield based on anticipated prepayments and the estimated economic life of the securities. When actual prepayments differ significantly from anticipated prepayments, the estimated economic life is recalculated and the remaining unamortized premium or discount is amortized prospectively over the remaining economic life. Premiums and discounts on structured securities are amortized or accreted over the life of the related available-for-sale security as an adjustment to yield using the effective interest method. Such amortization and accretion is included in interest income in the consolidated statements of operations. Dividend and interest income are recognized when earned.

Realized gains and losses from the sale of available-for-sale securities are determined on a specific-identification basis and included in earnings on the trade date.

Equity securities that do not result in consolidation and are not accounted for under the equity method are measured at fair value and any changes in fair value are recognized in net income in the Consolidated Statements of Operations.

Investment company limited partnerships are measured at their net asset value, which approximates fair value. Any changes in the net asset value are recognized in net income in the Consolidated Statements of Operations.

The Company carries other equity investments that do not have a readily determinable fair value at cost, less impairment and adjusted for observable price changes under the measurement alternative provided under GAAP. We review these investments for impairment during each reporting period. These investments are a component of Other Assets in the Consolidated Balance Sheets. There were no observable prices changes to the Company's other equity investments during 2023 or 2022.

Credit Losses

Other-than-Temporary Impairments

The Company reviews its impaired securities for possible other-than-temporary impairment ("OTTI") at each quarter-end. A security has an impairment loss when its fair value is less than its cost or amortized cost at the balance sheet date. The Company considers the following factors in performing its review: (i) the amount by which the security's fair value is less than its cost, (ii) length of time the security has been impaired, (iii) whether management has the intent to sell the security, (iv) if it is more likely than not that management will be required to sell the security before recovery of its amortized cost basis, (v) whether the impairment is due to an issuer-specific event, credit issues or change in market interest rates, (vi) the security's credit rating and any recent downgrades or (vii) stress testing of expected cash flows under different scenarios. If Effective January 1, 2023, the Company cannot conclude adopted ASU 2016-13 Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which introduces a new process for recognizing credit losses on financial instruments based on expected credit losses. This

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new standard replaces the incurred loss methodology and the concept of Other-than-Temporary Impairment (or “OTTI”) with an expected credit loss methodology that declines in fair value below amortized cost are considered temporary, an OTTI loss is recorded through the Consolidated Statements of Operations in the current period.

For all other impaired securities, the Company will assess whether the net present value of the cash flows expected to be collected from the security is less than its amortized cost basis. Such a shortfall in cash flows is sometimes referred to as the Current Expected Credit Loss (CECL) methodology. The guidance applies to Conifer's reinsurance recoverables, premium receivable, and debt securities. Results for reporting periods beginning after January 1, 2023 are presented under ASC 326, while prior period amounts continue to be reported in accordance with previously applicable U.S. GAAP. The adoption of ASC 326 did not have a “credit loss.” For any such security, the Company separates the impairment loss into: (i) the credit loss and (ii) the non-credit loss, which is the amount related to all other factors such as interest rate changes, fluctuations in exchange rates and market conditions. The credit loss charge is recorded to the current period statements of operations and the non-credit loss is recorded to accumulated other comprehensive income (loss), within shareholders' equity, on an after-tax basis. A security's cost basis is permanently reduced by the amount of a credit loss. Income is accreted over the remaining life of a security based material impact on the interest rate necessary to discount the expected future cash flows to the new basis. If the security is non-income producing, any cash proceeds are applied as a reduction of principal when received. Company's financial statements.

Recognition of Premium Revenues

All of the property and casualty policies written by our insurance companies are considered short-duration contracts. These policy premiums are earned on a daily pro-rata basis, net of reinsurance, over the term of the policy, which are primarily twelve months in duration. The portion of premiums written that relate to the unexpired terms of policies in force are deferred and reported as unearned premium at the balance sheet date.

Reinsurance

Reinsurance premiums, commissions, losses and loss adjustment expenses ("LAE") on reinsured business are accounted for on a basis consistent with that used in accounting for the original policies issued and the terms of the reinsurance contracts. The amounts reported as reinsurance recoverables include amounts billed to reinsurers on losses and LAE paid as well as estimates of amounts expected to be recovered from reinsurers on insurance liabilities that have not yet been paid. Reinsurance recoverables on unpaid losses and LAE are estimated based upon assumptions consistent with those used in establishing the gross liabilities as they are applied to the underlying reinsured contracts. The Company records an allowance for uncollectible reinsurance recoverables based on an assessment of the reinsurer’s creditworthiness and collectability of the recorded amounts. Management believes an allowance for uncollectible recoverables from its reinsurers was not necessary for the periods presented.

The Company receives ceding commissions in connection with certain ceded reinsurance. The ceding commissions are recorded as a reduction of policy acquisition costs.

In 2022, the Company entered into a loss portfolio transfer ("LPT") reinsurance agreement. The LPT is a retroactive reinsurance contract. See Note 8 9 ~ *Reinsurance* for further details regarding the LPT.

Deferred Policy Acquisition Costs

Costs incurred which are incremental and directly related to the successful acquisition of new or renewal insurance business is are deferred. These deferred costs consist of commissions paid to agents (net of ceding commissions), premium taxes, and underwriting costs, including compensation and payroll related benefits. Proceeds from reinsurance transactions that represent recovery of acquisition costs reduce applicable unamortized acquisition costs in such a manner that net

acquisition costs are capitalized and charged to expense. Amortization of such policy acquisition costs is charged to expense in proportion to premium earned over the estimated policy term.

To the extent that unearned premiums on existing policies are not adequate to cover the sum of expected losses and LAE, unamortized acquisition costs and policy maintenance costs, unamortized deferred policy acquisition costs are charged to expense to the extent required to eliminate the premium deficiency. If the premium deficiency is greater than the unamortized policy acquisition costs, a liability is recorded for any such deficiency. As of December 31, 2022 December 31, 2023, there was no

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premium deficiency reserve. The Company considers anticipated investment income in determining whether a premium deficiency exists. Management performs this evaluation at each insurance product line level.

Unpaid Losses and Loss Adjustment Expenses

The liability for unpaid losses and LAE in the Consolidated Balance Sheets represents the Company's estimate of the amount it expects to pay for the ultimate cost of all losses and LAE incurred that remain unpaid at the balance sheet date. The liability is recorded on an undiscounted basis, except for the liability for unpaid losses and LAE assumed related to any acquired companies which are initially recorded at fair value. basis. The process of estimating the liability for unpaid losses and LAE is a complex process that requires a high degree of judgment.

The liability for unpaid losses and LAE represents the accumulation of individual case estimates for reported losses and LAE, and actuarially determined estimates for incurred but not reported losses and LAE and includes a provision for estimated costs to settle all outstanding claims at the balance sheet date. The liability for unpaid losses and LAE is intended to include the ultimate net cost of all losses and LAE incurred but unpaid as of the balance sheet date. The liability is stated net of anticipated deductibles, salvage and subrogation, and gross of reinsurance ceded. The estimate of the unpaid losses and LAE liability is continually reviewed and updated. Although management believes the liability for losses and LAE is reasonable, the ultimate liability may be more or less than the current estimate.

The estimation of ultimate liability for unpaid losses and LAE is a complex, imprecise and inherently uncertain process, and therefore involves a considerable degree of judgment and expertise. The Company utilizes various actuarially-accepted reserving methodologies in deriving the continuum of expected outcomes and ultimately determining its estimated liability amount. These methodologies utilize various inputs, including but not limited to written and earned premiums, paid and reported losses and LAE, expected initial loss and LAE ratio, which is the ratio of incurred losses and LAE to earned premiums, and expected claim reporting and payout patterns (including company-specific and industry data). The liability for unpaid loss and LAE does not represent an exact measurement of liability, but is an estimate that is not directly or precisely quantifiable, particularly on a prospective basis, and is subject to a significant degree of variability over time. In addition, the establishment of the liability for unpaid losses and LAE makes no provision for the broadening of coverage by legislative action or judicial interpretation or for the extraordinary future emergence of new types of losses not sufficiently represented in the Company's historical experience or which cannot yet be quantified. As a result, an integral component of estimating the liability for unpaid losses and LAE is the use of informed subjective estimates and judgments about the ultimate exposure to unpaid losses and LAE. The effects of changes in the estimated liability are included in the results of operations in the period in which the estimates are revised.

The Company allocates the applicable portion of the unpaid losses and LAE to amounts recoverable from reinsurers under reinsurance contracts and reports those amounts separately as assets on the consolidated balance sheets.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax-credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred tax assets are recognized to the extent that there is sufficient positive evidence, as allowed under the Accounting Standard Codification ("ASC") 740, *Income Taxes,* to support the recoverability of those deferred tax assets. The Company establishes a valuation allowance to the extent that there is insufficient evidence to support the recoverability of the deferred tax asset under ASC 740. In making such a determination, management

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considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If it is determined that the deferred tax assets would be realizable in the future in excess of their net recorded amount, an adjustment would be made to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company did not have any unrecognized tax benefits and had no accrued interest or penalties related to uncertain tax positions.

Other Income

Other income consists primarily of fees charged to policyholders by the Company for services outside of the premium charge, such as installment billings or policy issuance costs. Commission income is also received by the Company's insurance agencies for writing policies for third party insurance companies. The Company recognizes commission income on the later of the effective date of the policy, the date when the premium can be reasonably established, or the date when substantially all services related to the insurance placement have been rendered.

Agency Commission Income

Agency commission income is comprised of commissions earned on policies where the Company has no exposure to underlying risk on the policies written. Agency commission income is earned at the time the policy is written.

Operating Expenses

Operating expenses consist primarily of other underwriting, compensation and benefits, information technology, facility and other administrative expenses.

Accounting Guidance Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326),* which amends the current methodology and timing for recognizing credit losses. This amendment will replace the current GAAP "incurred loss" methodology for credit losses with a methodology based on expected credit losses. The new guidance will also require expanded consideration of a broader range of reasonable and increased supportable information for the credit loss estimates. This ASU is effective for annual and interim reporting periods beginning after December 15, 2022. Management does not expect the new guidance to have a material impact on the Company's consolidated financial statements.

In January 2021, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848).* This guidance provides optional expedients and exceptions that are intended to ease the burden of updating contracts to contain a new reference rate due to the discontinuation of the London Inter-Bank Offered Rate (LIBOR). This guidance is available immediately and may be implemented in any period prior to the guidance expiration on December 31, 2024. Management does not expect the new guidance to have a material impact on the Company's consolidated financial statements.

In November *2023,* the FASB issued ASU 2023-07, *Segment Reporting (Topic 280).* This guidance is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses, allowing financial statement users to better understand the components of a segment's profit or loss to assess potential future cash flows for each reportable segment and the entity as a whole. The amendments expand a public entity's segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM"), clarifying when an entity *may* report *one* or more additional measures to assess segment performance, requiring enhanced interim disclosures, providing new disclosure requirements for entities with a single reportable segment, and requiring other new disclosures. ASU 2023-07 is effective for fiscal years beginning after December 31, 2024. Early adoption is permitted. the Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

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In December 2023, the FASB issued ASU 2023-09,*Income Taxes (Topic 740).* ASU *2023-09* requires public business entities to disclose additional information with respect to the reconciliation of the effective tax rate to the statutory rate. Additionally, public business entities will need to disaggregate federal, state and foreign taxes paid in their financial statements. ASU 2023-09 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2024.The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

Risks and Uncertainties

The Company is exposed to interest rate risks as it maintains a significant amount of its investment portfolio in debt securities. As a result of changes in interest rates during 2022, the Company reported a $16.0 million net unrealized loss that was reflected in other comprehensive income. As of December 31, 2022 December 31, 2023, total net unrealized losses in the debt securities was $18.2 13.3 million. Management believes it will not need to sell debt securities at significant losses as it has the ability and intention to hold them until maturity or their values improve.

Management has noted the media has reported a number of recent bank failures. The Company does not have any deposits or investments in any of these banks. Management does not expect any significant impact as a result of these events.

Company Liquidity

We conduct our business operations primarily through our Insurance Company Subsidiaries. Our ability to service debt, and pay administrative expenses is primarily reliant upon our intercompany service fees paid by the Insurance Company Subsidiaries to the holding company for management, administrative, and information technology services provided to the Insurance Company Subsidiaries by the Parent Company. The Parent Company may receive dividends from the Insurance Company Subsidiaries; however, this is not the primary means in which the holding company supports its funding as state insurance laws restrict the ability of our Insurance Company Subsidiaries to declare dividends to the Parent Company, and we do not anticipate any dividends being paid to us from our insurance subsidiaries during 2024 and 2025.

Due to significant losses in 2023, much of which is attributable to strengthening reserves and severe storm activity affecting the Oklahoma homeowners business, both Insurance Company Subsidiaries lack sufficient capital to continue to underwrite the volume of business they have historically written. We incurred a consolidated net loss of $25.9 million. We used cash from the operation activities of $13.6 million, and our overall equity at December 31, 2023 totaled $2.9 million. As a result of these factors, we were out of compliance with several of our debt covenants and obtained a waiver from our lender. The aforementioned factors have resented additional liquidity and capital challenges on the Company's financial condition. Accordingly, management is in the process of implementing a strategic shift in which the Company will utilize third-party insurers and rely mostly on commission revenues generated by our managed general agency. Management may also consider the sale of other assets to generate additional cash resources available to the Company.

In September 2023, the Company repaid its $24.4 million of 6.75% public senior unsecured notes (the "Old Public Notes") and funded it, in part, with issuing 9.75% public senior unsecured notes (the "New Public Notes") in the amount of $17.9 million.

The Company also paid down $500,000 of principal on its subordinated notes on September 29, 2023. The Company then restructured its existing $10.0 million of subordinated notes to Senior Secure Notes with its lender on September 30, 2023. The Senior Secured Notes mature on September 30, 2028, and bear an interest rate of 12.5% per annum. Quarterly principal payments of $250,000 are required on the Senior Secured Notes starting on December 31, 2023 through September 30, 2028. The requirements on the new Senior Secured Notes will result in $1.0 million per year of principal to be paid on the senior secured debt that previously was not required.

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On December 20, 2023, the Company issued $6.0 million of its newly designated Series A Preferred Stock (the "Preferred Stock"). The Company intends to use the proceeds for working capital and general corporate purposes.

As of the filing of this Form 10-K, the Insurance Company Subsidiaries are still the primary underwriters for the business produced by CIS and still the primary source of revenues and cash flows. The Insurance Company Subsidiaries are currently both required to provide an action plan with the state of domicile insurance regulator to remediate certain statutory capital and surplus regulatory deficiencies. If we do not remediate the regulatory deficiencies the insurance regulator could suspend or terminate the insurers' authority to write business. Also, A.M. Best and Kroll downgraded the financial strength ratings of both companies and we terminated the rating relationship. Therefore, neither company is currently rated by a nationally recognized statistical rating organization which can have an impact on the ability to market to policyholders. We believe that the Insurance Company Subsidiaries will both regain compliance with the state insurance regulators, however, as part of the strategic shift, we no longer expect significant revenues to be generated through them after the second quarter of 2024. These circumstances could jeopardize the ability of the Company to generate insurance underwriting revenues which could put into doubt our ability to meet our obligations as they become due.

To alleviate these concerns the Company is in the process of implementing the strategic shift mentioned above which will not require the use of either Insurance Company Subsidiary to generate the majority of the Company's revenues going forward. Rather, the Company will expect to generate the vast majority of its revenue from commissions from third-party insurers. In order to successfully implement the strategic shift the Company must have in place producer agreements with third-party insurers. Currently the Company has executed one producer agreement for approximately 25% of the existing commercial lines book of business and is expected to execute another producer agreement with a different third-party insurer

for the remaining commercial lines business within a week of filing this Form 10-K. We expect to continue to underwrite the existing personal lines business within our Insurance Company Subsidiaries.

With these producer agreements in place the Company expects to be able to generate the needed revenues to meeting our obligations as they become due over the next twelve months. In the event there are delays in implementing the strategic shift or other uncertainties arise with respect to completion of our strategic shift during 2024, these events could have a negative effect on our liquidity and ability to satisfy our obligations as they become due. If the Company were to experience any such uncertainties the Company believes it has alternative sources of liquidity available which are sufficient to cover any short-term needs as a result of any such uncertainties encountered. Management believes the current actions being executed to implement the planned strategic shift coupled with additional available sources of available liquidity, will be sufficient to enable the Company to meet its obligations for the foreseeable future.

2. Sale of Renewal Rights

In September 2023, the Company sold the renewal rights of one of its insurance programs to another insurer for $2.5 million in cash in addition to agreeing to participate in the Company's issuance of new public debt in September 2023, by purchasing $5.0 million of new debt. The program provided mostly liability insurance to the security guard and alarm installation industries. The program produced gross earned premiums of $55.9 million and $41.0 million in 2023 and 2022, respectively. The buyer began writing new and renewal policies for this program as of September 15, 2023. On September 30, 2023, the Company ceded 100% of its gross unearned premium of $30.9 million in the program to the buyer in return for an $8.4 million ceding commission. As of December 31, 2023, the Company retained $24.1 million of net cash owed to the buyer under a funds withheld provision. This can be seen in the funds held under reinsurance agreements in the liability section of the Company's Consolidated Balance Sheets. The funds withheld balance is expected to be paid out as premiums are earned and related claims are paid. The Company incurred $135,000 in expense related to this transaction. As part of this transaction, five claims staff transferred employment to the buyer. The buyer will handle all of the Company's run-off claims for this program under a related claims administration agreement.

3. VSRM Transaction

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Prior to October 13, 2022, CIS, formerly known as Sycamore, owned 50% of Venture Agency Holdings, Inc. ("Venture") and has accounted for its ownership under the equity method of accounting. On October 13, 2022, Sycamore CIS purchased the other 50% of Venture from an individual for $9.7 million. Following this purchase, Sycamore CIS obtained control and owned 100% of Venture, which

was then renamed to VSRM, Inc. ("VSRM"). VRSM and its two wholly owned subsidiaries, The Roots Insurance Agency, Inc. ("Roots") and Mitzel Insurance Agency, Inc. ("Mitzel") were incorporated into the Company's consolidated financial statements as of the date of the acquisition. Sycamore CIS initially purchased the Venture shares with a promissory note for $9.7 million and ultimately settled the note with $5.9 million of cash received from the Security & Alarm Business sale, described below, and $3.8 million in the form of stock from the buyer of the Security & Alarm Business. The Company acquired the remaining outstanding shares of VSRM, in order to take advantage of net operating tax losses as part of a tax planning strategy to apply to the Security and Alarm Business sale described below, in addition to the strategic focus of getting out of the Security and Alarm line of business.

The Company recognized Sycamore's CIS's purchase of the individual's shares of VSRM as a step acquisition and revalued all assets and liabilities upon the acquisition date. This resulted in the recognition of an $8.8 million non-operating gain reported in the Consolidated Statement of Operations as Gain from VSRM Transaction in the fourth quarter of 2022. The Company also utilized $12.5 million of federal income tax net operating losses carried forward and $14.8 million state income tax net operating losses carried forward, for a total net-of-tax benefit of $9.4 million. VSRM retained $8.9 million of debt, and $9.4 million of tax liabilities, as well as other smaller assets and liabilities that did not go with the transaction.

A condensed schedule of assets and liabilities incorporated into the consolidated balance sheet from the VSRM acquisition is provided below:

Cash	$	3,921
Trade receivables		4,604
Customer relationship intangible assets		37,122
Other assets		574
Total assets	$	46,221
Trade and other payables		7,624
Deferred tax liability		9,407
Note payable to Affiliate		6,000
Senior debt		2,917
Total Liabilities	$	25,948
Fair value of net assets acquired	$	20,273

The following table presents the calculation of the $8.8 million revaluation gain related to the Company's equity method investment in VSRM as a result of the VSRM Transaction:

Carrying value of equity method investment in VSRM	$	1,773
Fair value of investment in VSRM		10,583

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Gain on step acquisition	$	8,810

The fair value of the equity interest of VSRM immediately prior to the acquisition was $10.6 million. The fair value techniques used to measure the fair value of VSRM included using the recent valuations performed by third party valuation experts and the net realized proceeds received upon the sale of the Security & Alarm Business sold the following day.

There were no material transaction costs incurred in the acquisition of VSRM. Additionally, no results of operations for the Security and Alarm business have been included the consolidated financial statements as that business was immediately disposed of. Results of operations for the retained business have been included from the date of acquisition through December 31, 2022. acquisition.

On October 14, 2022, VSRM sold all of its security guard and alarm installation insurance brokerage business (the "Security & Alarm Business") to a third party insurance brokerage firm for $38.2 million, of which $32.8 million was paid in cash and $3.8 million was in the form of the buyer's stock. The $3.8 million of buyer's stock was immediately used to settle a portion of the $9.7 million promissory note that was issued to buy the 50% of Venture and the remainder of the promissory note was settled with cash from the sale of business.

As part of the transaction, the individual who previously owned 50% of VSRM transitioned employment to the buyer, along with a team of approximately eight other employees of VSRM. Also, the Company transferred to the buyer, $4.3 million of accounts receivable, $5.8 million of current liabilities, $271,000 in cash as well as all books and records of the business being purchased. The buyer held back $75,000 of cash for a future true up of the trade balances which the Company reflected as a current receivable. The Company recognized this transaction as the sale of a business. Because all assets and liabilities were just adjusted to fair value from the step acquisition described above, the basis of the net assets sold equaled the net proceeds from the sale, thus there was no gain recognized upon the sale of the Security & Alarm Business.

The following table reconciles the net assets disposed of from this transaction:

Cash at closing	$	32,759
Net liabilities transferred		1,499
Hold back		75
Stock of acquirer		3,822
Total purchase price	$	38,155
Cash	$	271
Premiums transferred to buyer		4,326
Intangible assets		38,154
Trade payables and accrued liabilities assumed by buyer		(5,838)
Net assets disposed of		36,913
Net gain		1,242
Broker fee transaction costs		(1,242)
Net gain	$	—

Cash at closing	$	32,759

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Intangible assets		38,154
Trade payables and accrued liabilities assumed by buyer		(5,838)
Net assets disposed of		36,913
Gross gain		1,242
Broker fee transaction costs		(1,242)
Net gain	$	—

The net gain on revaluation of the investment in VSRM and the disposal of the Security and Alarm Business line are summarized below:

Gross gains	$	10,052
Broker fee		(1,242)
Net gain	$	8,810

On December 30, 2022, VSRM contributed its remaining business, including its two wholly owned subsidiaries (Mitzel and Roots) to a new wholly owned subsidiary, Sycamore Specialty Underwriters, LLC ("SSU"). The business contributed to SSU consisted of customer accounts of substantially all of the personal lines business and a small subset of the commercial lines business underwritten by the Insurance Company Subsidiaries, and all of the customer accounts VSRM produced for third-party insurers, other than the security guard and alarm installation brokerage business previously sold.

On December 31, 2022, Sycamore Financial Group, LLC ("SFG"), wholly owned by Andrew D. Petcoff purchased 50% of SSU from VSRM, Inc. for $1,000. As a result, SSU and its two wholly owned subsidiaries, Roots and Mitzel, are no longer consolidated in the Company's consolidated financial statements as of December 31, 2022, and VSRM's investment in SSU is accounted for using the equity method. The net assets transferred to SSU had a fair value of $0 at the time of the contribution. There was no gain or loss recognized upon the sale of half of SSU to SFG. Included in the net assets transferred to SSU was a $1.0 million promissory note obligation of VSRM that originated as part of the Venture Transaction described below, and is payable to CIC. The $1.0 million promissory note was still outstanding and payable to CIC as of December 31, 2023. The $934,000 receivable from VSRM in the table below transferred as part of the deconsolidation resulted in the Company retaining an existing related payable for $934,000 which was repaid in 2023.

The following table provides the assets and liabilities deconsolidated as a result of this transaction:

Cash	$	497
Receivable from VSRM		934
Trade receivables		239
Intangible asset		196
Other assets		514
Total assets	$	2,380
Payable to Affiliates		286
Trade payables		193
Note payable		1,000

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Other liabilities	901
Total Liabilities	$ 2,380

In order to determine the value of the business contributed to SSU, the Company obtained a third party valuation based on a weighting of discounted cash flows and earnings before interest, taxes, depreciation and amortization (EBITDA) multiple valuation methods. The valuation included significant estimates and assumptions related to (i) forecasted revenue and EBITDA and (ii) the selection of the EBITDA multiple and discount rate.

3. 4. Sale of Certain Agency Business

On June 30, 2021, In June of 2021, CIS, formerly known as Sycamore, Insurance Agency sold to Venture Agency Holdings, Inc. the customer accounts and other related assets of some of its personal and commercial lines of business hereby referred to as the ("Venture Transaction"). The customer accounts consist substantially of new and renewal rights and customer lists of the agency. Sycamore will continue to produce various personal and commercial lines that it did not sell to Venture, which is substantially all produced for, and underwritten by, the Insurance Company Subsidiaries. The Company recognized an $ Venture. 8.9 million gain on the sale which is reflected in Other Gains on the Consolidated Statements of Operations.

The purchase price was $10.0 million of which $1.0 million was paid in cash on June 30, 2021, and $9.0 million was in the form of two Two promissory notes were created as a result of the sale (one for $6.0 3.0 million and one for $3.0 6.0 million). Both notes require interest-only quarterly payments at a per annum rate of 7.0%, with a five-year maturity. There are no prepayment penalties. On December 14, 2021, In December 2021, Venture paid off the $3.0 million note. On October 20, 2022, Venture paid down $5.0 million of the $6.0 million note. The remaining $1.0 million promissory note was assumed by SSU as part of the contribution of business to SSU described in Note 2 3 ~ *Acquisition of Joint Venture and Subsequent Sale of Business. Business*, and was still outstanding as a payable to CIC as of December 31, 2023.

5. Investments

The assets sold included the customer accounts of substantially all of the personal lines business Results for reporting periods occurring before January 1, 2023 continue to be reported in accordance with previously applicable U.S. GAAP and a small subset of the commercial lines business underwritten are presented under ASC 326, which was adopted by the Insurance Company Subsidiaries, on January 1, 2023. The Company analyzed its investment portfolio in accordance with its credit loss review policy and all determined it did not need to record a credit loss for the twelve months ended December 31, 2023. The Company holds only investment grade securities from high credit quality issuers. The gross unrealized losses of $13.3 million as of December 31, 2023, from the customer accounts Sycamore produced for third-party insurers. Company's available-for-sale securities are due to market conditions and interest rate changes. Management believes it will not need to sell its available-for-sale securities at significant losses as it has the ability and intention to hold them until maturity or until their values improve.

The transaction included the transition of 21 employees from Conifer to Venture as well as necessary systems and office functions to operate the business. Venture is not assuming any in-force business or liabilities.

4. Investments

The cost or amortized cost, gross unrealized gain or loss, and estimated fair value of the investments in securities classified as available-for-sale at December 31, 2022 December 31, 2023 and 2021 2022 were as follows (dollars in thousands):

	December 31, 2023	
	Cost or	Gross Unrealized

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	Amortized Cost	Gains	Losses	Estimated Fair Value
Debt securities:				
U.S. Government	$ 5,405	$ 3	$ (161)	$ 5,247
State and local government	24,274	—	(3,810)	20,464
Corporate debt	34,002	—	(3,507)	30,495
Asset-backed securities	38,289	47	(584)	37,752
Mortgage-backed securities	26,768	—	(4,641)	22,127
Commercial mortgage-backed securities	3,404	—	(160)	3,244
Collateralized mortgage obligations	3,228	—	(444)	2,784
Total debt securities available for sale	$ 135,370	$ 50	$ (13,307)	$ 122,113

	December 31, 2022			
	Cost or Amortized Cost	Gross Unrealized		Estimated Fair Value
		Gains	Losses	
Debt securities:				
U.S. Government	$ 7,833	$ —	$ (335)	$ 7,498
State and local government	25,487	1	(4,672)	20,816
Corporate debt	35,347	—	(4,788)	30,559
Asset-backed securities	21,742	—	(1,246)	20,496
Mortgage-backed securities	29,194	—	(5,157)	24,037
Commercial mortgage-backed securities	3,414	—	(186)	3,228
Collateralized mortgage obligations	4,102	—	(535)	3,567
Total debt securities available for sale	$ 127,119	$ 1	$ (16,919)	$ 110,201

	December 31, 2021			
	Cost or Amortized Cost	Gross Unrealized		Estimated Fair Value
		Gains	Losses	
Debt securities:				
U.S. Government	$ 20,723	$ 74	$ (77)	$ 20,720
State and local government	30,063	555	(189)	30,429
Corporate debt	30,808	88	(550)	30,346
Asset-backed securities	28,652	10	(224)	28,438
Mortgage-backed securities	33,178	105	(762)	32,521
Commercial mortgage-backed securities	1,659	31	—	1,690
Collateralized mortgage obligations	5,649	35	(45)	5,639
Total debt securities available for sale	$ 150,732	$ 898	$ (1,847)	$ 149,783

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The following table summarizes the aggregate fair value and gross unrealized losses, by security type, of the available-for-sale securities in unrealized loss positions. The table segregates the holdings based on the length of time that individual securities have been in a continuous unrealized loss position (dollars in thousands):

	December 31, 2022									December 31, 2023								
	Less than 12 months			12 months or More			Total			Less than 12 months			12 months or More			Total		
	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses
Debt securities:																		
U.S. Government	8	$ 43,515	$ (51)	5	$ 49,602	$ (40)	13	$ 87,117	$ (91)	1	$ 649	$ (7)	9	$ 3,400	$ (154)	10	$ 4,049	$ (161)
State and local government	74	61,812	(1,182,745)	45	71,594	(1,352,405)	119	133,406	(2,535,150)	3	1,193	(7)	113	19,096	(3,803)	116	20,289	(3,810)

Corporate debt	27	6,079,738	(3,473)	42	9,201,590	(5,998)	69	15,281,328	(9,471)	-	-	-	66	30,495	(3,507)	66	30,495	(3,507)
Asset-backed securities	68	3,178,768	(1,760)	20	7,308,062	(4,266)	88	10,486,830	(6,026)	1	1,090	(1)	21	16,270	(583)	22	17,360	(584)
Mortgage-backed securities	57	4,005,763	(2,145)	12	9,213,584	(5,975)	69	13,219,347	(8,120)	4	11	(1)	64	22,116	(4,640)	68	22,127	(4,641)
Commercial mortgage-backed securities	45	2,085,186	(1,168)	-	-	-	45	2,085,186	(1,168)	-	-	-	4	3,225	(160)	4	3,225	(160)
Collateralized mortgage obligations	269	17,189,639	(9,546)	93	25,723,239	(16,312)	362	42,912,878	(25,858)	-	-	-	32	2,803	(444)	32	2,803	(444)

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Total debt securities available for sale	**20**	**38,705**	**(457)**	**13**	**71,142**	**(1,206)**	**38**	**109,847**	**(1,663)**	**9**	**2,943**	**(16)**	**309**	**97,405**	**(13,291)**	**318**	**100,348**	**(13,307)**	

	December 31, 2021									December 31, 2022								
	Less than 12 months			12 months or More			Total			Less than 12 months			12 months or More			Total		
	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses	No. of Issues	Fair Value of Investments with Unrealized Losses	Gross Unrealized Losses
Debt securities:																		
U.S. Government	6	$ 30,452	$ (247)	1	$ 8,047	$ (30)	7	$ 38,499	$ (277)	8	$ 3,534	$ (135)	5	$ 3,964	$ (200)	13	$ 7,498	$ (335)
State and local government	41	75,772	(2,046)	46	7,045	(1,647)	87	82,817	(3,693)	77	12,966	(2,318)	45	7,147	(2,354)	122	20,113	(4,672)

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Corporate debt	41	22,744	(585)	1	70	(45)	42	23,455	(630)	27	10,069	(1,373)	42	20,890	(3,415)	69	30,959	(4,788)
Asset-backed securities	24	24,305	(219)	2	13	(5)	26	26,318	(224)	6	3,188	(76)	20	17,308	(1,170)	26	20,496	(1,246)
Mortgage-backed securities	12	27,042	(627)	—	—	—	12	27,042	(627)	57	4,006	(573)	12	20,031	(4,584)	69	24,037	(5,157)
Commercial mortgage-backed securities	0	—	0	—	—	—	0	—	0	4	3,205	(186)	—	—	—	4	3,205	(186)
Collateralized mortgage obligations	10	2,636	(134)	2	29	—	12	2,665	(134)	26	1,789	(196)	9	1,802	(339)	35	3,591	(535)

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Total debt securities available for sale	1	$ 3	$ 0)	0	$ 1	$ 7)	4	$ 4	$ 7)	205	$ 38,757	$ (4,857)	133	$ 71,142	$ (12,062)	338	$ 109,899	$ (16,919)
	4	5,	,		7,			3,	,									
		9	1					0	1									
			(					1	(									

The Company analyzed its investment portfolio in accordance with its OTTI review procedures and determined the Company did not need to record a credit-related OTTI loss, nor recognize a non credit-related OTTI loss in other comprehensive income for the years ended December 31, 2022, 2021, and 2020.

The Company's sources of net investment income are as follows (dollars in thousands):

	December 31,			December 31,	
	2022	2021	2020	2023	2022
Debt securities	$ 2,517	$ 2,217	$ 3,213	$ 4,121	$ 2,517
Equity securities	52	194	220	36	52
Cash, cash equivalents, and short-term investments	776	2	138	1,603	776
Total investment income	3,345	2,413	3,571	5,760	3,345
Investment expenses	(302)	(445)	(415)	(234)	(302)
Net investment income	$ 3,043	$ 1,968	$ 3,156	$ 5,526	$ 3,043

The following table summarizes the gross realized gains and losses from sales or maturities of available-for-sale debt securities and equity securities, as follows (dollars in thousands):

	December 31,			December 31,	
	2022	2021	2020	2023	2022
Debt securities:					
Gross realized gains	$ 6	$ 63	$ 4,646	$ —	$ 6
Gross realized losses	(155)	(6)	(8)	(20)	(155)
Total debt securities	(149)	57	4,638	(20)	(149)
Equity securities:					
Gross realized gains	375	4,605	4,854	—	375
Gross realized losses	(1,731)	(1,784)	(1,366)	—	(1,731)
Total equity securities	(1,356)	2,821	3,488	—	(1,356)

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Total net realized investment gains	$ (1,505)	$ 2,878	$ 8,126	$ (20)	$ (1,505)

Proceeds from the sales of available-for-sale securities were $32.0 million, $31.7 11.9 million and $101.2 32.0 million for the years ended December 31, 2022, 2021, December 31, 2023 and 2020, 2022, respectively. The gross realized gains from sales of available-for-sale securities for the years ended December 31, 2022, 2021, December 31, 2023 and 2020 2022 were $0 and $5,000, $27,000, and $4.6 million, respectively. The gross realized losses from sales of available-for-sale securities for the years ended December 31, 2022, 2021, December 31, 2023 and 2020 2022 were $155,000 18,000, $6,000, and $0 155,000, respectively.

As of December 31, 2022, 2021, December 31, 2023 and 2020 2022, there were $0, $1.0 million, and $1.7 million of payables from securities purchased, respectively. As of December 31, 2022, 2021, December 31, 2023 and 2020 2022, there were $650,000 0, $523,000, and $809,000 650,000 of receivables from securities sold, respectively.

The Company's gross unrealized losses related to its equity investments were $638,000 535,000, $1.0 million, and $0 638,000 as of December 31, 2022, 2021, December 31, 2023 and 2020, 2022, respectively. The Company's gross unrealized gains related to its equity investments were $505,000 as of December 31, 2023. The Company had no gross unrealized gains related to its equity investments as of December 31, 2022 and 2021, respectively. The Company's gross unrealized gains related to its equity investments were $.

1.0 million as of December 31, 2020. The Company also carries other equity investments that do not have a readily determinable fair value and are recorded at cost, less impairment or observable changes in price. We review these investments for impairment during each reporting period. There was no impairment or observable changes in price recorded during 2022 2023 related to the Company's equity securities without readily determinable fair value. These investments are a component of Other Assets in the Consolidated Balance Sheets. The value of these investments as of December 31, 2023 and December 31, 2022 were $1.4 million and $1.8 million. million, respectively.

The table below summarizes the amortized cost and fair value of available-for-sale debt securities by contractual maturity at December 31, 2022 December 31, 2023. Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties (dollars in thousands):

	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 4,876	$ 4,770	$ 3,212	$ 3,175
Due after one year through five years	28,396	25,963	30,996	28,983
Due after five years through ten years	23,974	19,782	18,768	15,904
Due after ten years	11,421	8,358	10,705	8,144
Securities with contractual maturities	68,667	58,873	63,681	56,206
Asset-backed securities	21,742	20,496	38,289	37,752
Mortgage-backed securities	29,194	24,037	26,768	22,127
Commercial mortgage-backed securities	3,414	3,228	3,404	3,244
Collateralized mortgage obligations	4,102	3,567	3,228	2,784
Total debt securities	$ 127,119	$ 110,201	$ 135,370	$ 122,113

At December 31, 2022 December 31, 2023 and 2021, 2022, the Insurance Companies Subsidiaries had an aggregate of $8.0 8.2 million and $8.5 8.0 million, respectively, on deposit in trust accounts to meet the deposit requirements of various state insurance departments. At

December 31, December 31, 2023 and 2022, and 2021, the Company had $95.7 123.5 million and $76.1 95.7 million held in trust accounts to meet collateral

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requirements with other third-party insurers, relating to various fronting arrangements. Approximately $111.3 million of the trust account balances are for collateral of gross unearned premiums and gross loss reserves of the fronted business on the Security Program and the quick service restaurant program. There are withdrawal and other restrictions on these deposits, including the type of investments that may be held, however, the Company may generally invest in high-grade bonds and short-term investments and earn interest on the funds. As the unearned premiums run off to zero and loss reserves are paid on these programs, the trust balances will be released and available for general use.

5. 6. Fair Value Measurements

The Company's financial instruments include assets carried at fair value, as well as debt carried at face value, net of unamortized debt issuance costs, and which are also disclosed at fair value in this note. All fair values disclosed in this note are determined on a recurring basis other than the debt which is a non-recurring fair value measure. Fair value is defined as the price that would be received for an asset or paid to transfer a liability in the principal most advantageous market for the asset or liability in an orderly transaction between market participants. In determining fair value, the Company applies the market approach, which uses prices and other relevant data based on market transactions involving identical or comparable assets and liabilities. The inputs to valuation techniques used to measure fair value are prioritized into a three-level hierarchy. The hierarchy gives the highest priority to quoted prices from sources independent of the reporting entity ("observable inputs") and the lowest priority to prices determined by the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances ("unobservable inputs"). The fair value hierarchy is as follows:

Level 1—Valuations that are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2—Valuations that are based on observable inputs (other than Level 1 prices) such as quoted prices for similar assets or liabilities at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3—Unobservable inputs that are supported by little or no market activity. The unobservable inputs represent the Company's best assumption of how market participants would price the assets or liabilities.

Net Asset Value (NAV)—The fair values of investment company limited partnership investments and mutual funds are based on the capital account balances reported by the investment funds subject to their management review and adjustment. These capital account balances reflect the fair value of the investment funds.

The following tables present the Company's assets and liabilities measured at fair value, classified by the valuation hierarchy as of December 31, 2022 December 31, 2023 and 2021 2022 (dollars in thousands):

	December 31, 2022			
	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Assets:				

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Debt Securities:				
U.S. Government	$ 7,498	$ —	$ 7,498	$ —
State and local government	20,816	—	20,816	—
Corporate debt	30,559	—	30,559	—
Asset-backed securities	20,496	—	20,496	—
Mortgage-backed securities	24,037	—	24,037	—
Commercial mortgage-backed securities	3,228	—	3,228	—
Collateralized mortgage obligations	3,567	—	3,567	—
Total debt securities	110,201	—	110,201	—
Equity Securities	917	160	757	—
Short-term investments	25,929	25,929	—	—
Total marketable investments measured at fair value	$ 137,047	$ 26,089	$ 110,958	$ —
Investments measured at NAV:				
Investment in limited partnership	350			
Total assets measured at fair value	$ 137,397			
Liabilities:				
Senior Unsecured Notes *	$ 22,430	$ —	$ 22,430	$ —
Subordinated Notes *	11,300	—	—	11,300
Total Liabilities (non-recurring fair value measure	$ 33,730	$ —	$ 22,430	$ 11,300

	December 31, 2023			
	Fair Value Measurements Using			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Debt Securities:				
U.S. Government	$ 5,247	$ —	$ 5,247	$ —
State and local government	20,464	—	20,464	—
Corporate debt	30,495	—	30,495	—
Asset-backed securities	37,752	—	37,752	—
Mortgage-backed securities	22,127	—	22,127	—
Commercial mortgage-backed securities	3,244	—	3,244	—
Collateralized mortgage obligations	2,784	—	2,784	—
Total debt securities	122,113	—	122,113	—
Equity Securities	896	139	757	—
Short-term investments	20,838	20,838	—	—
Total marketable investments measured at fair value	$ 143,847	$ 20,977	$ 122,870	$ —
Investments measured at NAV:				
Investment in limited partnership	1,458			
Total assets measured at fair value	$ 145,305			
Liabilities:				
Senior Unsecured Notes *	$ 11,791	$ —	$ 11,791	$ —
Senior Secured Notes *	9,965	—	—	9,965
Total Liabilities (non-recurring fair value measure)	$ 21,756	$ —	$ 11,791	$ 9,965

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* Carried at face value of debt net of unamortized debt issuance costs on the consolidated balance sheet

	December 31, 2021			
	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Assets:				
Debt Securities:				
U.S. Government	$ 20,720	$ —	$ 20,720	$ —
State and local government	30,429	—	30,429	—
Corporate debt	30,346	—	30,346	—
Asset-backed securities	28,438	—	28,438	—
Mortgage-backed securities	32,521	—	32,521	—
Commercial mortgage-backed securities	1,690	—	1,690	—
Collateralized mortgage obligations	5,639	—	5,639	—
Total debt securities	149,783	—	149,783	—
Equity Securities	9,437	9,154	283	—
Short-term investments	23,013	23,013	—	—
Total marketable investments measured at fair value	$ 182,233	$ 32,167	$ 150,066	$ —
Investments measured at NAV:				
Investment in limited partnership	494			
Total assets measured at fair value	$ 182,727			
Liabilities:				
Senior Unsecured Notes *	$ 24,118	$ —	$ 24,118	$ —
Subordinated Notes *	11,704	—	—	11,704
Total Liabilities measured at fair value	$ 35,822	$ —	$ 24,118	$ 11,704

	December 31, 2022			
	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Assets:				
Debt Securities:				
U.S. Government	$ 7,498	$ —	$ 7,498	$ —
State and local government	20,816	—	20,816	—
Corporate debt	30,559	—	30,559	—
Asset-backed securities	20,496	—	20,496	—
Mortgage-backed securities	24,037	—	24,037	—
Commercial mortgage-backed securities	3,228	—	3,228	—
Collateralized mortgage obligations	3,567	—	3,567	—
Total debt securities	110,201	—	110,201	—
Equity Securities	917	160	757	—
Short-term investments	25,929	25,929	—	—

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Total marketable investments measured at fair value	$ 137,047	$ 26,089	$ 110,958	$ —
Investments measured at NAV:				
Investment in limited partnership	350			
Total assets measured at fair value	$ 137,397			
Liabilities:				
Senior Unsecured Notes *	$ 22,430	$ —	$ 22,430	$ —
Subordinated Notes *	11,300	—	—	11,300
Total Liabilities (non-recurring fair value measure)	$ 33,730	$ —	$ 22,430	$ 11,300

* Carried at face value of debt net of unamortized debt issuance costs on the consolidated balance sheet

Level 1 investments consist of equity securities traded in an active exchange market. The Company uses unadjusted quoted prices for identical instruments to measure fair value. Level 1 also includes money market funds and other interest-bearing deposits at banks, which are reported as short-term investments. The fair value measurements that were based on Level 1 inputs comprise 15% and 18% of the fair value of the total marketable investments measured at fair value as of December 31, 2023 and December 31, 2022, , respectively.

Level 2 investments include debt securities and equity securities, which consist of U.S. government agency securities, state and local municipal bonds, (including those held as restricted securities), corporate debt securities, mortgage-backed and asset-backed securities. The fair value of securities included in the Level 2 category were based on the market values obtained from a third party pricing service that were evaluated using pricing models that vary by asset class and incorporate available trade, bid and other observable market information. The third party pricing service monitors market indicators, as well as industry and economic events. The fair value measurements that were based on Level 2 inputs comprise 85% and 82% of the fair value of the total marketable investments measured at fair value as of December 31, 2023 and December 31, 2022., , respectively.

The Company obtains pricing for each security from independent pricing services, investment managers or consultants to assist in determining fair value for its Level 2 investments. To validate that these quoted prices are reasonable estimates of fair value, the Company performs various quantitative and qualitative procedures, such as (i) evaluation of the underlying methodologies, (ii) analysis of recent sales activity, (iii) analytical review of our fair values against current market prices and (iv) comparison of the pricing services' fair value to other pricing services' fair value for the same investment. No markets for the investments were determined to be inactive at period-ends. Based on these procedures, the Company did not adjust the prices or quotes provided from independent pricing services, investment managers or consultants.

As of December 31, 2022 December 31, 2023, the fair value of the Senior Secured Notes reported at amortized cost was considered a Level 3 liability in the fair value hierarchy and 2021, is entirely comprised of the Company's Senior Secured Notes. In determining the fair value of the Senior Secured Notes outstanding at December 31, 2023, the security attributes (issue date, maturity, coupon, calls, etc.) were entered into a valuation model. A lognormal trinomial interest rate lattice was created within the model to compute the option adjusted spread ("OAS") which is the amount, in basis points, of interest rate required to be paid under the debt agreement over the risk-free U.S. Treasury rates. The OAS was then entered back into the model along with the December 31, 2023 U.S. Treasury rates. A new lattice was generated and the fair value was computed from the OAS. There were no changes in assumptions of credit risk from the issuance date.

As of December 31, 2022, the fair value of the subordinated debt reported at amortized cost was considered a Level 3 liability in the fair value hierarchy and is entirely comprised of the Company's Subordinated Notes. subordinated notes. In determining the fair value of the Subordinated Notes subordinated notes outstanding at December 31, 2022 and 2021, , the security attributes (issue date, maturity, coupon, calls, etc.) and market rates on September 24, 2018 (the date of the restated and amended agreement which was repriced at that time) were entered into a valuation model. A

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lognormal trinomial interest rate lattice was created within the model to compute the option adjusted spread ("OAS") which is the amount, in basis points, of interest rate required to be paid under the debt agreement over the risk-free U.S. Treasury rates. The OAS was then entered back into the model along with the December 31, 2022 and 2021, U.S. Treasury rates, respectively. rates. A new lattice was generated and the fair value was computed from the OAS. There were no changes in assumptions of credit risk from the issuance date.

6 The Company's policy on recognizing transfers between hierarchies is applied at the end of each reporting period. There were no transfers in or out of Level 3 for the twelve months ended December 31, 2023 and 2022.

7. Deferred Policy Acquisition Costs

The Company defers costs incurred which are incremental and directly related to the successful acquisition of new or renewal insurance business, net of corresponding amounts of ceded reinsurance commissions. Net deferred policy acquisition costs are amortized and charged to expense in proportion to premium earned over the estimated policy term. The Company anticipates that its deferred policy acquisition costs will be fully recoverable and there were no premium

deficiencies for the years December 31, 2022, 2021, December 31, 2023 and 2020. 2022. The activity in deferred policy acquisition costs, net of reinsurance transactions, is as follows (dollars in thousands):

	December 31,			December 31,	
	2022	2021	2020	2023	2022
Balance at beginning of period	$ 12,267	$ 12,243	$ 11,906	$ 10,290	$ 12,267
Deferred policy acquisition costs	20,202	28,475	26,442	16,887	20,202
Amortization of policy acquisition costs	(22,179)	(28,451)	(26,105)	(16,589)	(22,179)
Impact from renewal rights sale				(4,303)	—
Net change	(1,977)	24	337	(4,005)	(1,977)
Balance at end of period	$ 10,290	$ 12,267	$ 12,243	$ 6,285	$ 10,290

7. 8. Unpaid Losses and Loss Adjustment Expenses

The Company establishes reserves for unpaid losses and LAE which represent the estimated ultimate cost of all losses incurred that were both reported and unreported (i.e., incurred but not yet reported losses, or "IBNR") and LAE incurred as well as a provision for estimated future costs related to claim settlement for all claims that remain unpaid at the balance sheet date. The Company's reserving process takes into account known facts and interpretations of circumstances and factors including the Company's experience with similar cases, actual claims paid, historical trends involving claim payment patterns and pending levels of unpaid claims, loss management programs, product mix and contractual terms, changes in law and regulation, judicial decisions, and economic conditions. In the normal course of business, the Company may also supplement its claims processes by utilizing third party adjusters, appraisers, engineers, inspectors, and other professionals and information sources to assess and settle catastrophe and non-catastrophe related claims. The effects of inflation are implicitly considered in the reserving process.

Reserves are estimates of unpaid portions of losses that have occurred, including IBNR losses, therefore the establishment of appropriate reserves, is an inherently uncertain and complex process. The ultimate cost of losses may vary materially from recorded amounts, which are based on

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management's best estimates. The highest degree of uncertainty is associated with reserves for losses incurred in the current reporting period as it contains the greatest proportion of losses that have not been reported or settled. The Company regularly updates its reserve estimates as new information becomes available and as events unfold that may affect the resolution of unsettled claims. Changes in prior year reserve estimates, which may be material, are reported in the results of operations in the period such changes are determined to be needed and recorded.

Management believes that the reserve for losses and LAE, any related estimates of reinsurance recoverables, is appropriately established in the aggregate and adequate to cover the ultimate net cost of reported and unreported claims arising from losses which had occurred by the date of the consolidated financial statements based on available facts and in accordance with applicable laws and regulations.

The table below provides the changes in the reserves for losses and LAE, net of recoverables from reinsurers, for the periods indicated (dollars in thousands):

	December 31,			December 31,	
	2022	2021	2020	2023	2022
Gross reserves - beginning of period	139,08 $ 5	111,27 $ 0	107,24 $ 6	$ 165,539	$ 139,085
Less: reinsurance recoverables on unpaid losses	40,344	24,218	22,579	82,651	40,344
Net reserves - beginning of period	98,741	87,052	84,667	82,888	98,741
Add: incurred losses and loss adjustment expenses, net of reinsurance					
Current period	57,156	50,429	40,634	64,580	57,156
Prior period	24,284	19,432	15,594	17,833	24,284
Total net incurred losses and loss adjustment expenses	81,440	69,861	56,228	82,413	81,440
Deduct: loss and loss adjustment expense payments, net of reinsurance					
Current period	20,894	18,984	13,599	27,001	20,894
Prior period	76,399	39,188	40,244	34,495	76,399
Total net loss and loss adjustment expense payments	97,293	58,172	53,843	61,496	97,293
Net reserves - end of period	82,888	98,741	87,052	103,805	82,888
Plus: reinsurance recoverables on unpaid losses	82,651	40,344	24,218	70,807	82,651
Gross reserves - end of period	165,53 $ 9	139,08 $ 5	111,27 $ 0	$ 174,612	$ 165,539

There was $24.3 million, $19.4 17.8 million and $15.6 24.3 million of adverse development on prior accident year reserves in 2022, 2021 2023 and 2020, 2022, respectively. There were no significant changes in the key methods utilized in the analysis and calculations of the Company's reserves

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during 2022, 2021 or 2020. 2023 and 2022.

89 Of the $

17.8 million of adverse development in 2023, $5.9 million was related to the 2022 accident year, $6.8 million was related to the 2021 accident year, $4.9 million was related to the 2020 accident year, and $218,000 was related to the 2019 and prior accident years. The development came primarily from commercial liability lines of business particularly in the longer tail lines of business, as a result of additional loss emergence primarily from the Security Program which represented 58% of the adverse development while the remainder was substantially in hospitality, most notably the quick service restaurant program. Both the Security Program and the quick service restaurant program are no longer written by the Company. As a result of this loss emergence, the Company increased its expected loss ratio selections on both prior accident years as well as the current accident year, resulting in increases to our carried loss reserves.

Of the $24.3 million of adverse development in 2022, $1.8 million was related to the 2021 accident year, $4.0 million was related to the 2020 accident year, $9.6 million was related to the 2019 accident year, $5.2 million was related to the 2018 accident year, and $3.7 million was related to 2017 and prior accident years. The adverse development was mostly related to the Company's commercial liability lines and was driven by multiple factors including significant social inflation generating higher severity than historical experience, and longer tail exposure than anticipated, particularly in certain jurisdictions.

In 2021, the adverse development consisted of $18.5 million from commercial lines and $957,000 from personal lines. Of the $18.5 million of adverse development in commercial lines, the Company experienced $12.0 million and $6.5 million of adverse development in its hospitality and small business lines of business, respectively.

The Company experienced $2.0 million of catastrophe losses, net of reinsurance recoverables, during the first quarter of 2021 from winter Storm Uri.

In 2020, the adverse development consisted of $15.2 million from commercial lines and $352,000 from personal lines. Of the $15.2 million of adverse development in commercial lines, the Company experienced $12.0 million and $3.2 million of adverse development in its hospitality and small business lines of business, respectively. The $352,000 of adverse development in personal lines mostly was related to wind-exposed business.

Loss Development Tables

The following tables represent cumulative incurred loss and allocated loss adjustment expenses ("ALAE"), net of reinsurance, by accident year and cumulative paid loss and ALAE, net of reinsurance, by accident year, for the years ended December 31, 2013 December 31, 2014 to 2022, 2023, as well as total IBNR and the cumulative number of reported claims for the year ended December 31, 2022 December 31, 2023, by reportable segment and accident year (dollars in thousands). The tables do not include reinsurance recoverables from the LPT. The 2023 and 2022 columns in the commercial lines incurred and paid loss tables below do not

include reinsurance recoverables on reserves of $10.9 million and $25.9 million and reinsurance recoverables on paid losses of $3.8 million and $3.9 million, respectively, related to the LPT.

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Commercial Lines	Commercial Lines																							
												Cumulative number of reported claims												
	Incurred loss and allocated loss adjustment expenses, net of reinsurance										Total IBNR		Incurred loss and allocated loss adjustment expenses, net of reinsurance									Total IBNR	
Accident Year	2013*	2014*	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2022	2022	2014*	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023	2023	2023
2013	10,990,204,183	10,990,204,183	10,990,204,183	10,990,204,183	10,990,204,183	10,990,204,183	10,990,204,183	10,990,204,183	10,990,204,183	10,990,204,183	—	6,413,619,385												
2014	19,709,197,759	19,709,197,759	19,709,197,759	19,709,197,759	19,709,197,759	19,709,197,759	19,709,197,759	19,709,197,759	19,709,197,759	19,709,197,759	—	11,755,167,504	19,907,026,715	22,711,026,715	26,367,026,715	28,145,026,715	28,766,026,715	29,045,026,715	29,175,026,715	29,011,026,715	29,093,026,715	—	1,755,000,000	

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2015	2	2	3	3	3	3	3	3														
	2	6	1	4	6	7	8	9		2												
	,	,	,	,	,	,	,	,		,												
	4	6	8	4	3	7	8	0		3												
	4	3	6	7	7	9	2	9	2	6												
	2	3	1	8	2	5	4	3	6	1		22,442	26,633	31,861	34,478	36,372	37,795	38,824	39,093	39,311	—	2,363
2016		3	3	4	4	4	4	4														
		2	4	0	4	6	6	8		3												
		,	,	,	,	,	,	,		,												
		3	9	4	3	0	9	6	2	5												
		9	3	4	5	8	9	7	0	5												
		6	5	0	5	9	3	7	1	7			32,396	34,935	40,440	44,355	46,089	46,993	48,677	49,162	19	3,559
2017			4	4	4	5	5	5														
			4	4	9	1	5	6		5												
			,	,	,	,	,	,		,												
			2	4	7	8	5	6	6	8												
			5	9	4	8	8	4	7	3												
			1	5	9	3	9	9	1	2				44,251	44,495	49,749	51,883	55,589	56,649	59,149	234	5,835
2018				4	4	4	5	6														
				2	2	9	5	0		6												
				,	,	,	,	,	1,	,												
				6	4	7	2	1	6	1												
				2	3	4	6	0	3	2												
				4	2	1	1	2	7	4					42,624	42,432	49,741	55,261	60,102	61,881	568	6,128
2019					4	4	4	5														
					1	2	6	5		6												
					,	,	,	,	4,	,												
					2	1	3	2	5	3												
					8	2	2	6	2	2												
					6	9	9	3	9	0						41,286	42,129	46,329	55,263	59,028	1,611	6,337
2020						3	3	3														
						3	5	9		3												
						,	,	,	3,	,												
						8	3	1	7	8												
						6	2	9	8	3												
						7	8	3	7	0							33,867	35,328	39,193	43,918	3,012	3,866
2021							4	4														
							0	2		2												
							,	,	8,	,												
							3	2	7	8												
							8	6	4	6												
							8	6	4	1								40,388	42,266	48,650	5,557	2,947

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2013	3,979,213,279	6,726,145,203	7,642,705,432	8,013,716,570	10,016,453,708	10,017,322,708	11,316,702,708	11,716,702,708	11,716,702,708	11,716,702,708										
2014	8,375,787,496	13,744,540,615	17,257,486,040	22,249,693,488	25,409,577,498	27,344,389,648	28,148,648,608	28,608,688												
2015	10,748,548,544	17,147,204,785	22,049,793,685	30,275,497,346	34,297,833,563	38,685,116														
2016	10,921,772,159	21,799,638,645	27,585,967,945	43,644,046,957	48,557,552,755															
2017	12,342,731,840	20,040,231,880	42,040,048,805	12,448,023,020	34,205,042,308	47,148,052,800	57,304,375,570	79,370,598,359												
2018	10,911,037,655	10,375,019,799	31,633,041,577	50,508,057,114																
2019	12,238,904,904	10,078,020,462	28,958,039,893	50,369,076,598	83,284,183,284															

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2020	110,217,213,217			10,217	17,332	24,225	33,354
2021	12,218,783,703				12,870	21,313	30,478
2022	12,839					12,839	22,892
2023							8,486
	Total	$ 376,327,763				Total	$ 376,358
	Net Unpaid losses and ALAE, years 2013 through 2022	96,245		Net Unpaid losses and ALAE, years 2014 through 2023			
		$ 5					$ 103,041
	Unpaid losses and ALAE, prior to 2013*	177		Unpaid losses and ALAE, prior to 2014*			160
	Unpaid Losses, LPT	(25,913)		Unpaid Losses, LPT			(10,928)

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Unpaid losses and ALAE, net of reinsurance	$ 90,500	Unpaid losses and ALAE, net of reinsurance	$ 92,273

* Presented as unaudited required supplementary information.

Personal Lines												Personal Lines											
										Cumulative number of reported claims													
	Incurred loss and allocated loss adjustment expenses, net of reinsurance									Total IBNR		Incurred loss and allocated loss adjustment expenses, net of reinsurance									Total IBNR	
Accident Year	For the years ended December 31,											For the years ended December 31,										
	2013*	2014*	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022	2022	2014*	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023	2023	2023

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2013	1	1	1	1	1	1	1	1	1														
	8	7	8	9	9	9	9	9	9		5												
	,	,	,	,	,	,	,	,	,		,												
	0	9	9	1	1	2	2	2	2	3		2											
	3	9	2	3	6	0	2	2	2	6		0											
	4	6	5	8	7	2	2	6	7	5	—	8											
2014		1	1	1	1	1	1	1	1	1													
		7	7	7	7	7	8	8	8	8		3											
		,	,	,	,	,	,	,	,	,		,											
		9	4	7	8	9	0	0	0	0		7											
		5	7	3	8	2	8	9	9	5		3											
		1	1	5	0	9	2	5	7	2	—	7	17,951	17,471	17,735	17,880	17,929	18,082	18,095	18,097	18,052	18,028	—	3,737
2015			1	1	1	1	1	1	1	1													
			0	3	4	5	5	5	5	5		2											
			,	,	,	,	,	,	,	,		,											
			8	4	7	2	3	4	4	4		1											
			7	4	2	8	6	2	2	4		5											
			7	5	1	5	4	7	7	8	—	2		10,877	13,445	14,721	15,285	15,364	15,427	15,427	15,448	15,456	—	2,154
2016				1	1	1	1	1	1	1													
				1	3	4	5	5	5	5		1											
				,	,	,	,	,	,	,		,											
				6	4	9	5	6	6	6		8											
				1	1	4	5	5	3	7		1											
				9	8	9	0	5	4	9	—	4			11,619	13,418	14,949	15,550	15,655	15,634	15,679	15,681	—	1,815
2017					1	1	1	1	1	1													
					4	3	4	4	4	4		2											
					,	,	,	,	,	,		,											
					0	5	4	7	9	9		9											
					5	5	9	9	1	5		1											
					8	0	3	3	1	7	—	7				14,058	13,550	14,493	14,793	14,911	14,957	14,955	—	2,914
2018						5	6	6	6	6													
						,	,	,	,	,													
						8	3	2	3	2		8											
						9	7	8	8	9		0											
						3	8	3	2	8	—	3					5,893	6,378	6,283	6,382	6,298	6,336	—	803
2019							3	2	2	2													
							,	,	,	,													
							0	7	8	8		3											
							9	1	9	6		4											
							9	2	8	2	—	2						3,099	2,712	2,898	2,862	2,867	—	341

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2020	2,339	2,590	2,636	2,619	—	324						
2021	4,409	4,332	4,240	—	48							
2022	9,404	8,122	—	714								
2023		19,444	1,156	1,584								
Total	$ 107,748	$ 1,156										

Personal lines	Personal lines

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Cumulative paid loss and allocated loss adjustment expenses, net of reinsurance											Cumulative paid loss and allocated loss adjustment expenses, net of reinsurance									
Accident Year	For the years ended December 31, 2013*	2014*	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	For the years ended December 31, 2014*	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023
2013	19,958,809,958,995,995,995

2016															
		7,119	11,238	14,442	15,110	15,351	15,452	15,679	15,681
2017															
			8,320	12,944	14,004	14,526	14,866	14,957	14,955
2018															
				4,296	5,618	6,100	6,242	6,244	6,333
2019															
					2,119	2,604	2,692	2,850	2,859
2020															
						1,307	2,455	2,605	2,619
2021															
							3,022	3,980	4,081
2022															
								5,397	7,923
2023															16,170
														Total	$ 104,100

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	Net Unpaid losses and ALAE, years 2013 through 2022	$ 4,487	Net Unpaid losses and ALAE, years 2014 through 2023	$	3,648
	Unpaid losses and ALAE, prior to 2013*	—	Unpaid losses and ALAE, prior to 2014*		—
	Unpaid losses and ALAE, net of reinsurance	$ 4,487	Unpaid losses and ALAE, net of reinsurance	$	3,648

* Presented as unaudited required supplementary information.

Total Lines	Total Lines		Total Lines		
Incurred loss and allocated loss adjustment expenses, net of reinsurance	Incurred loss and allocated loss adjustment expenses, net of reinsurance	Total IBNR	Cumulative number of reported claims	Total IBNR	Cumulative number of reported claims

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Accident Year	For the years ended December 31,												For the years ended December 31,											
	2013*	2014*	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2022	2023	2014*	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023	2023	2023
2013	28,805,040,531																							
2014	37,704,706,634	37,660,816,421											37,660	37,378	40,446	44,247	46,074	46,848	47,140	47,272	47,063	47,121	—	5,492
2015	33,043,041,754	33,319,758,172	33,319,781,254											37,378	40,078	46,581	49,763	51,736	53,222	54,251	54,541	54,767	—	4,517
2016	44,455,945,203	44,015,203,975	44,015,358,027	44,015,358,027											44,015	48,353	55,389	59,905	61,744	62,627	64,356	64,843	19	5,374
2017	58,309,045,647	58,309,045,647	58,309,045,647	58,309,045,647	58,309,045,647											58,309	58,045	64,242	66,676	70,500	71,606	74,104	234	8,749
2018	48,517,810,056	48,517,810,056	48,517,810,056	48,517,810,056	48,517,810,056	48,517,810,056											48,517	48,810	56,024	61,643	66,400	68,217	568	6,931

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2019	4,445,498,382,842,517	4,496,,,

Cumulative paid loss and allocated loss adjustment expenses, net of reinsurance	Cumulative paid loss and allocated loss adjustment expenses, net of reinsurance																			
Accident Year	For the years ended December 31,										For the years ended December 31,									
	2013*	2014*	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2014*	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023
2013	13,203,909,439	13,225,907,206	13,267,896,209	13,298,218,629	13,309,429,263	13,309,429,263	13,309,429,263	13,309,429,263	13,309,429,263	13,309,429,263										
2014		21,534,104,540	21,574,715,476	21,604,037,547	21,615,248,181	21,615,248,181	21,615,248,181	21,615,248,181	21,615,248,181	21,615,248,181	21,534,104,540	30,492,154,758	34,718,154,758	40,192,154,758	43,464,154,758	45,591,154,758	46,457,154,758	46,718,154,758	46,633,154,758	46,715,154,758
2015			18,241,104,540	18,270,426,611	18,281,637,245	18,281,637,245	18,281,637,245	18,281,637,245	18,281,637,245	18,281,637,245		18,241,104,540	29,690,104,540	36,393,104,540	45,634,104,540	49,747,104,540	51,123,104,540	52,979,104,540	54,129,104,540	54,568,104,540

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2016	1	3	4	5	5	5	6									
	7	0	2	3	7	9	2									
	,	,	,	,	,	,	,									
	3	3	2	0	2	0	6									
	7	7	2	7	9	9	3									
	4	3	7	7	6	6	6		17,374	30,373	42,227	53,077	57,296	59,096	62,636	64,238
2017		2	3	4	5	6	6									
		0	5	8	6	2	7									
		,	,	,	,	,	,									
		7	9	2	8	0	7									
		6	6	0	3	1	5									
		8	4	9	4	4	7			20,768	35,964	48,209	56,834	62,014	67,757	72,259
2018			1	2	3	4	5									
			4	5	7	7	6									
			,	,	,	,	,									
			6	4	7	8	7									
			7	1	3	1	5									
			1	7	3	9	2				14,671	25,417	37,733	47,819	56,752	63,447
2019				1	2	3	4									
				2	3	1	2									
				,	,	,	,									
				1	0	6	7									
				9	6	5	4									
				7	6	0	3					12,197	23,066	31,650	42,743	53,228
2020					1	1	2									
					1	9	6									
					,	,	,									
					5	7	8									
					2	8	3									
					4	7	0						11,524	19,787	26,830	35,973
2021						1	2									
						5	5									
						,	,									
						8	2									
						9	9									
						2	3							15,892	25,293	34,559
2022							1									
							8									
							,									
							2									
							3									
							6								18,236	30,815
2023															—	24,656

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Total	$ 432,309	Total	$ 480,458
Net Unpaid losses and ALAE, years 2013 through 2022	$ 100,073	Net Unpaid losses and ALAE, years 2014 through 2023	$ 106,689
Unpaid losses and ALAE, prior to 2013*	177	Unpaid losses and ALAE, prior to 2014*	160
Unpaid losses, LPT	(25,913)	Unpaid losses, LPT	(10,928)
Unpaid losses and ALAE, net of reinsurance	$ 74,997	Unpaid losses and ALAE, net of reinsurance	$ 95,921

* Presented as unaudited required supplementary information.

The following table reconciles the loss development information to the consolidated balance sheet for the year ended December 31, 2022 December 31, 2023, by reportable segment (dollars in thousands).

	December 31, 2022	December 31, 2023
Net unpaid losses claims and ALAE		
Commercial Lines	$ 70,509	$ 92,273
Personal Lines	4,487	3,648
Total unpaid losses and LAE, net of reinsurance	74,996	95,921
Reinsurance recoverable on losses and LAE		
Commercial Lines	81,301	68,981

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Personal Lines	1,350	1,826
Total reinsurance recoverable on unpaid losses and LAE	82,651	70,807
ULAE expense	7,892	7,884
Total gross unpaid losses and LAE	$ 165,539	$ 174,612

Loss Duration Disclosure (unaudited)

The following table represents the average annual percentage payout of incurred losses by age, net of reinsurance, for each reportable segment.

	Average annual percentage payout of incurred losses by age, net of reinsurance										Average annual percentage payout of incurred losses by age, net of reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10+	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10+
Commercial Lines	34.4%	32.0%	17.7%	10.8%	3.6%	1.8%	0.8%	0.8%	0.4%	0.3%	27.3%	21.6%	18.6%	12.8%	9.2%	4.9%	2.9%	1.5%	0.7%	0.5%
Personal Lines	69.4%	16.1%	10.2%	2.9%	0.9%	0.2%	0.1%	0.1%	0.0%	0.0%	83.1%	11.3%	5.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Lines	35.7%	32.8%	17.5%	9.7%	3.5%	1.7%	0.7%	0.8%	0.4%	0.2%	29.2%	21.3%	18.2%	12.4%	8.9%	4.7%	2.8%	1.4%	0.7%	0.4%

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9. Reinsurance

In the normal course of business, the Company participates in reinsurance agreements in order to limit losses that may arise from catastrophes or other individually severe events. The Company primarily ceded all specific loss commercial liability risks in excess of $400,000 in 2023 and $340,000 in 2022, and $400,000 in 2021 and 2020. 2022. The Company ceded specific loss commercial property risks in excess of $300,000 400,000 in 2022 2023 and $200,000 in 2021. The Company ceded 40% of specific loss commercial property risks in excess of $400,000 and 60% in excess of $300,000 in 2020. 2022. The Company ceded homeowners specific risks in excess of $300,000 in 2022, 2021, 2023 and 2020. 2022.

A "treaty" is a reinsurance agreement in which coverage is provided for a class of risks and does not require policy by policy underwriting of the reinsurer. "Facultative" reinsurance is where a reinsurer negotiates an individual reinsurance agreement for every policy it will reinsure on a policy-by-policy basis. A loss is covered under a reinsurance contract if the loss occurs within the effective dates of the agreement notwithstanding when the loss is reported.

The Company entered into new specific loss reinsurance treaties on December 31, 2021 and January 1, 2022 which included a 40% ceding commission. The reinsurance premiums related to these treaties increased by the same amount as the ceding commission. The ceding commissions were carried forward under the 2023 treaties with substantially similar terms.

Reinsurance does not discharge the Company, as the direct insurer, from liability to its policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company. The Company evaluates the financial condition of its reinsurers and monitors the concentration of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. To date, the Company has not experienced any significant difficulties in collecting reinsurance recoverables. The Company's current reinsurance structure includes the following primary categories:

Casualty Clash

- Clash coverage is a type of reinsurance that provides additional coverage in the event that one casualty loss event results in two or more claims and recovery under the reinsurance treaties may otherwise be limited due to the amount, type or number of claims. Clash reinsurance further protects the balance sheet as it reduces the potential maximum loss on either a single risk or a large number of risks.
- Effective January 1, 2022 through December 31, 2022 December 31, 2023, the company Company was party to a workers' compensation and casualty clash reinsurance treaty with a limit of $29.0 million in excess of $1.0 million.
- Effective January 1, 2019 through December 31, 2021, the Company was party to a workers' compensation and casualty clash reinsurance treaty with a limit of $19.0 million in excess of a $1.0 million retention. Effective January 1, 2021 through December 31, 2021, the Company ceded 87.0% of its casualty clash risks with a limit of $10.0 million in excess of a $20.0 million retention.

Facultative

- The Company was party to a facultative reinsurance agreement with a large reinsurer for commercial auto physical damage risks primarily in excess of $400,000.
- The Company was party to a facultative reinsurance agreement with a large reinsurer for property risks with total insured values above the other reinsurance treaty limits.

Liability

- Effective January 1, 2019 through December 31, 2022 December 31, 2023, the Company was party to an excess of loss reinsurance treaty for commercial liability coverage with a limit of $600,000 in excess of $400,000.

Property

- Effective January 1, 2020 through December 31, 2022 December 31, 2023, the Company was party to an excess of loss reinsurance treaty for personal property coverage with a limit of $1.7 million in excess of $300,000, for homeowners' and dwelling fire business.
- Effective January 1, 2023 through December 31, 2023, the Company was party to an excess of loss reinsurance treaty for commercial property coverage with a limit of $7.6 million in excess of $ 400,000.
- Effective January 1, 2022 through December 31, 2022, the Company was party to an excess of loss reinsurance treaty for commercial

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property coverage with a limit of $7.7 million in excess of $300,000.

- Effective January 1, 2021 through December 31, 2021 At December 31, 2023, the Company was party covered for property catastrophe losses up to an excess of loss reinsurance treaty for commercial property coverage with a limit of $7.8 27.0 million in excess of $200,000.
- Effective January 1, 2020 through December 31, 2020, the Company was party to an excess of loss reinsurance treaty for commercial property coverage with a limit of $7.7 3.0 million in excess of $ retention for the first event. This treaty terminates on 300,000June 1, 2024.
- At December 31, 2022, the Company was covered for property catastrophe losses up to $28.0 million in excess of a $2.0 million retention for the first event. This treaty terminates on June 1, 2023.
- At December 31, 2021, the Company was covered for property catastrophe losses up to $28.0 million in excess of a $2.0 million retention for the first event. This treaty terminates on June 1, 2022.
- At December 31, 2020, the Company was covered for property catastrophe losses up to $28.0 million in excess of a $2.0 million retention for the first event. This treaty terminated on June 1, 2021.

Multiple Line

- Effective January 1, 2019 through December 31, 2021, the Company was party to a multi-line excess of loss treaty that covers commercial property and casualty losses up to $600,000 in excess of a $400,000 retention.

Quota Share

- The Company cedes 90% to 100% of its commercial umbrella coverages under quota share treaties. Under a quota share agreement, the reinsu pays a percentage of all losses the insurer sustains in return for a similar percent of the premiums written on that risk. A ceding commission is pa by the reinsurer to the insurer to cover acquisition and operating expenses.
- The Company ceded 90% to 100% of its commercial umbrella coverages under a quota share treaty.
- The Company ceded 50% of its cannabis program net written premiums under a quota share treaty.
- The Company ceded 100% of a small number of equipment breakdown, employment practices liability, data compromise, and cannabis cyber liability coverages that are occasionally bundled with other products under separate quota share agreements.

Sale of Renewal Rights

- On September 30, 2023, the Company entered into a 100% quota share reinsurance agreement with the buyer of the renewal rights described in Note 2 ~ Sale of Renewal Rights. The Company ceded $30.9 million of its gross unearned premiums relating to the security guard and alarm installation program in exchange for 22% - 27% ceding commission.

Loss Portfolio Transfer ***Transfer***

- On November 1, 2022, the Company entered into a loss portfolio transfer ("LPT") reinsurance agreement with Fleming Reinsurance Ltd ("Fleming Re"). Under the agreement, Fleming Re will cover an aggregate limit of $66.3 million of paid losses on $40.8 million of stated net reserves as of June 30, 2022, relating to accident years 2019 and prior. This covers substantially all of the commercial liability lines underwritten by the Company. Within the aggregate limit, there is a $5.5 million loss corridor in which the Company retains losses in excess of $40.8 million. Fleming Re is then responsible to cover paid losses in excess of $46.3 million up to $66.3 million. Accordingly, there is $20.0 million of adverse development cover for accident years 2019 and prior. Under the agreement, Fleming Re was compensated with $40.8 million for stated net reserves as of June 30, 2022, plus a one-time risk fee of $5.4 million. Recoverables due to the Company under this agreement are recorded as reinsurance recoverables. The agreement is between CIC and WPIC and Fleming Re. As of December 31, 2022, the Company has recorded losses through the $5.5 million corridor and $644,000 into the $20.0 million layer. As of December 31, 2022, the Consolidated Balance Sheet included $3.8 3.9 million of reinsurance recoverables on paid losses related to the LPT, and $25.9 million of reinsurance recoverables on unpaid losses related to the LPT. As of December, 31, 2023, the Company has recorded losses through the $ Equipment Breakdown, Employment Practice Liability, 5.5 million corridor and Data Compromise $9.1 million into the $20.0 million layer. As of December 31, 2023, the Consolidated Balance Sheet included $3.8 million of reinsurance recoverables on paid losses related to the LPT, and Identity Recovery

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- The Company ceded $100 10.9% million of a small number of equipment breakdown, employment practices liability, and data compromise coverages that are occasionally bundled with other products under a quota share agreement with a reinsurer. reinsurance recoverables on unpaid losses related to the LPT.

The Company assumes written premiums under a few fronting arrangements. The fronting arrangements are with unaffiliated insurers who write on behalf of the Company in markets that require a higher A.M. Best rating than the Company's rating, or where the policies are written in a state where the Company is not licensed or for other strategic reasons.

The Company assumed $42.2 million, $34.3 43.6 million and $28.9 42.2 million of written premiums under the insurance fronting arrangements for the years ended December 31, 2022, 2021 December 31, 2023 and 2020, 2022, respectively.

The following table presents the effects of reinsurance and assumption assumed reinsurance transactions on written premiums, earned premiums and losses and LAE (dollars in thousands). In 2023, ceded written and earned premium amounts included $91,000 of reinsurance reinstatement costs related to catastrophe losses. In 2022, ceded written and earned premium amounts included $1.6 million of reinsurance reinstatement costs relating to Hurricane Ian. In 2021, ceded written and earned amounts included $340,000 of reinsurance reinstatement costs relating to Winter Storm Uri. In 2021 and 2020, the ceded written and earned premium amounts include $86,000 and $195,000 of reinsurance reinstatement costs relating to Hurricane Irma, respectively.

	Year Ended December 31,			Year Ended December 31,	
	2022	2021	2020	2023	2022
Written premiums:					
Direct	$ 95,832	$ 97,801	$ 82,430	$ 100,214	$ 95,832
Assumed	42,187	34,294	28,905	43,620	42,187
Ceded	(46,787)	(30,666)	(18,395)	(75,146)	(46,787)
Net written premiums	$ 91,232	$ 101,429	$ 92,940	$ 68,688	$ 91,232
Earned premiums:					
Direct	$ 97,843	$ 91,943	$ 75,130	$ 96,595	$ 97,843
Assumed	37,558	31,107	31,484	49,977	37,558
Ceded	(38,690)	(24,248)	(17,511)	(62,637)	(38,690)
Net earned premiums	$ 96,711	$ 98,802	$ 89,103	$ 83,935	$ 96,711
Loss and loss adjustment expenses:					
Direct	$ 73,000	$ 71,021	$ 48,780	$ 75,175	$ 73,000
Assumed	43,487	25,740	24,429	45,662	43,487
Ceded	(35,047)	(26,900)	(16,981)	(38,424)	(35,047)
Net loss and LAE	$ 81,440	$ 69,861	$ 56,228	$ 82,413	$ 81,440

9. 10. Debt

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As of December 31, 2022 December 31, 2023, the Company's debt is was comprised of two instruments: $24.4 17.9 million of publicly traded 9.75% public senior unsecured notes (the "New Public Notes") which were issued in 2018 during the third quarter of 2023, and $10.5 9.8 million of privately placed Subordinated Notes. 12.5% senior secured notes ("Senior Secured Notes"), which were issued on September 30, 2023. The New Public Notes have substantially the same terms as the 6.75% public senior unsecured notes (the "Old Public Notes") which matured on September 30, 2023, except for the coupon. A summary of the Company's outstanding debt is as follows (dollars in thousands):

	December 31,		As of December 31, 2023			As of December 31, 2022		
	2022	2021	Gross Debt	Unamortized Debt Issuance Costs	Net Debt	Gross Debt	Unamortized Debt Issuance Costs	Net Debt
Senior unsecured notes	$ 24,186	$ 23,926						
Public Notes			$ 17,887	$ 1,679	$ 16,208	$ 24,381	$ 195	$ 24,186
Senior Secured Notes			9,750	897	8,853	—	—	—
Subordinated notes	9,690	9,638	—	—	—	10,500	810	9,690
Total	$ 33,876	$ 33,564	$ 27,637	$ 2,576	$ 25,061	$ 34,881	$ 1,005	$ 33,876

Public Note repayment and new issuance

The Company repaid all the $24.4 million of its Old Public Notes which matured on September 30, 2023, by paying off $13.2 million in cash and exchanging $11.2 million for the New Public Notes. The New Public Notes have substantially the same terms as the Old Public Notes, except for the coupon.

The Company funded the repayment of the Old Public Notes with several different fundraising initiatives. In August and September of 2023, the Company raised $6.7 million in cash under and S-1 registration statement for the New Public Notes.

The Company also raised $6.2 million under an S-4 registration statement exchange offering for the New Public Notes and the Company's lender of its subordinated notes also exchanged its $5.0 million holding of the Company's Old Public

Senior unsecured notes Notes for $5.0 million of the New Public Notes under the S-1 registration statement. As such, there was a non-cash exchange of $11.2 million of Old Public Notes for New Public Notes. The remaining $6.5 million of cash needed to pay down the Old Public Notes was provided with cash on hand.

New Public Notes

The Company issued $25.3 17.9 million of New Public Notes in 2018. during the third quarter of 2023. The Notes new notes bear an interest rate of 6.75 9.75% per annum, payable quarterly at the end of March, June, September and December and mature on September 30, 2023 2028. The Company may redeem the Notes, new notes, in whole or in part, at face value at any time after September 30, 2021. The Company did not repurchase any of the Notes during 2022 or 2021.

Management plans to issue new public debt or sell assets to provide sufficient cash flow to pay off the senior unsecured notes that are coming due within the next twelve months. Management believes it is probable that it will be able to issue new public debt and/or sell assets as necessary to repay the senior unsecured notes by September 30, 2023 September 30, 2025.

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Subordinated Senior Secured Notes

The Company also has outstanding paid down $10.5 500,000 of principal on its subordinated notes on September 29, 2023. The Company then restructured its existing $10.0 million of Subordinated subordinated notes to Senior Secured Notes maturing with its lender on September 30, 2023. The Senior Secured Notes mature on September 30, 2038 2028. The Subordinated Notes , and bear an interest rate of 7.5 12.5% per annum until September 30, 2023, and 12.5% thereafter, and allow for four quarterly interest payment deferrals. annum. Interest is payable quarterly at the end of March, June, September, and December. Beginning September 30, 2021, the Quarterly principal payments of $250,000 are required starting on December 31, 2023 through September 30, 2028. The Company may redeem the Subordinated Notes, senior secured notes, in whole or in part, for a call premium of $1.1 million. The call premium escalates each quarter to ultimately $1.75 1.8 million on September 30, 2023, then steps up less 22% of the interest payment amounts that were paid prior to the date of redemption. The Company accounted for this restructuring as a debt modification because there was no concession made to the lender.

Debt issuance costs

The Company incurred $3.05 173,000 million on December 31, 2023, and increases quarterly at a 12.5% per annum rate thereafter.of restructuring costs from the lender related to the Senior Secured Notes. These costs were capitalized as debt issuance costs as of September 30, 2023.

As of December 31, 2022 December 31, 2023, the carrying value of the New Public Notes and Subordinated Senior Secured Notes are were offset by $195,000 1.7 million and $810,000 897,000 of debt issuance capitalized costs, respectively. The debt issuance costs are amortized through interest expense over the life of the loans.

Debt covenants

The Subordinated Senior Secured Notes contain various restrictive financial debt covenants that relate to the Company's minimum tangible net worth, minimum fixed-charge coverage ratios, dividend paying capacity, reinsurance retentions, and risk-based capital ratios. The Senior Secured Notes also require that any proceeds the Company receives from asset sales be used to pay down the principal. As of December 31, 2022 December 31, 2023, the Company was not in compliance with the tangible net worth, dividend paying capacity, risk-based capital and consolidated debt to capital covenants. On March 27, 2024, the holders of the Senior Secured Notes waived the December 31, 2023 covenants and modified the minimum requirements of the financial debt covenants. Management expects to be in compliance with all debt covenants in future periods.

The following table shows the scheduled principal payments of its financial covenants. the Company's debt as of December 31, 2023 (dollars in thousands):

Year	Senior unsecured notes	Senior secured notes
2024	1,000	—
2025	1,000	—
2026	1,000	—
2027	1,000	—
2028	5,750	17,887
Total	$ 9,750	$ 17,887

Line of credit

The Company maintained a $10.0 million line of credit with a national bank (the "Lender") during 2022. The line of credit carried an interest rate at LIBOR plus 2.75% per annum, payable monthly. The line of credit agreement matured on December 1, 2022, and was not renewed.

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Paycheck Protection Program loan

On April 24, 2020, the Company received a $2.7 million loan from the line of credit Lender pursuant to the Paycheck Protection Program of the CARES Act administered by the U.S. Small Business Administration ("SBA"). The Company received notice from the SBA that the loan was 100% forgiven, including accrued interest, on July 8, 2021. This resulted in a $2.8 million gain that is included in Other Gains on the Consolidated Statement of Operations in 2021.

10. 11. Income Taxes

At December 31, 2023, the Company had current income tax receivable of $65,000 included in other assets in the consolidated balance sheets. At December 31, 2022, the Company had current income tax receivable of $58,000 included in other assets in the consolidated balance sheets. At December 31, 2021, the Company had current income tax payable of $34,000 included in other assets in the consolidated balance sheets.

The income tax expense (benefit) is comprised of the following (dollars in thousands):

	Year Ended December 31,			Year Ended December 31,	
	2022	2021	2020	2023	2022
Current tax expense (benefit)	$ (45)	$ 208	$ 6	$ 26	$ (45)
Deferred tax expense (benefit)	(9,396)	—	—	(17)	(9,396)
Total income tax expense (benefit)	$ (9,441)	$ 208	$ 6	$ 9	$ (9,441)

The income tax expense (benefit) differed from the amounts computed by applying the statutory U.S. federal income tax rate of 21% in 2022, 2021 2023 and 2020 2022 to pretax income as a result of the following (dollars in thousands):

	Year Ended December 31,			Year Ended December 31,	
	2022	2021	2020	2023	2022
Income (loss) before income taxes	$ (20,490)	$ (1,710)	$ (238)	$ (25,644)	$ (20,490)
Statutory U.S. federal income tax rate	(4,303)	(359)	(50)	(5,385)	(4,303)
State income taxes, net of federal benefit	(5,984)	174	44	(1,503)	(5,984)
Tax-exempt investment income and dividend received deduction	(22)	(40)	(50)	(13)	(22)
Nondeductible meals and entertainment	79	33	23	73	79
Valuation allowance on deferred tax assets	3,715	676	(205)	7,254	3,715
Equity-earnings from Affiliate	195	170	88	—	195
Net gain from sale of agency assets	(2,848)	—	—	—	(2,848)
Utilization of state NOLs	(386)	—	—	—	(386)
Deferred corrections				(476)	—
PPP Loan forgiveness	—	(578)	—	—	—
Other	113	132	156	59	113

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Income tax expense (benefit)	$ (9,441)	$ 208	$ 6	$ 9	$ (9,441)
Effective tax rate	46.1%	(12.2)%	(2.6)%	—	46.1%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below (dollars in thousands):

	December 31,		December 31,	
	2022	2021	2023	2022
Deferred tax assets:				
Discounted unpaid losses and loss adjustment expenses	$ 1,217	$ 1,555	$ 1,749	$ 1,217
Unearned premiums	2,324	2,561	1,648	2,324
Net operating loss carryforwards	12,152	12,544	16,960	12,152
Net unrealized losses on investments	3,687	418	2,780	3,687
State net operating loss carryforwards	5,097	822	6,523	5,097
Other	403	102	112	403
Gross deferred tax assets	24,880	18,002	29,772	24,880
Less valuation allowance	(21,663)	(14,594)	(28,013)	(21,663)
Total deferred tax assets, net of allowance	3,217	3,408	1,759	3,217
Deferred tax liabilities:				
Investment basis difference	23	15	208	23
Tax rate change transition discounting	137	183	92	137
Equity investment in Affiliate	691	470	—	691
Net unrealized gains on investments	—	—		
Deferred policy acquisition costs	2,161	2,576	1,320	2,161
Intangible assets	115	115	115	115
Property and equipment	41	47	24	41
Other	49	2	—	49
Total deferred tax liabilities	3,217	3,408	1,759	3,217
Net deferred tax liability	$ —	$ —	$ —	$ —

The net deferred tax liability is recorded in accounts payable and accrued expenses in the consolidated balance sheets.

As of December 31, 2022 December 31, 2023, the Company has NOL carryforwards for federal income tax purposes of $65.6 80.8 million, of which $50.4 78.2 million expire in tax years 2030 through 2042 2043 and $15.2 10.3 million never expire. Of this amount, $7.6 19.5 million are limited in the amount that can be utilized in any one year and may expire before they are realized under Section 382 of the Internal Revenue Code. The Company has state net operating loss carryforwards of $107.2 120.3 million, which expire in tax years 2023 2024 through 2042. 2043.

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Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit the use of the existing deferred tax assets under the guidance of ASC 740. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2022 December 31, 2023. Such objective evidence limits the Company's ability to consider other subjective evidence, such as management's projections for future growth.

Based on its evaluation, the Company has recorded a valuation allowance of $21.7 28.0 million and $14.6 21.7 million at December 31, 2022 December 31, 2023 and 2021, 2022, respectively, to reduce the deferred tax assets to an amount that is more likely than not to be realized based on the provisions in ASC 740. The amount of the deferred tax assets considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or if objective negative evidence in the form of cumulative losses is no longer present, and additional weight may be given to subjective evidence, such as the Company's projections for growth.

The Company files consolidated federal income tax returns. For the years before 2019, 2020, the Company is no longer subject to U.S. federal examinations; however, the Internal Revenue Service has the ability to review years prior to 2019 2020 to the extent the Company utilized tax attributes carried forward from those prior years. The statute of limitations on state filings is generally three to four years.

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11. 12. Statutory Financial Data, Risk-Based Capital and Dividend Restrictions

U.S. state insurance laws and regulations prescribe accounting practices for determining statutory net income and capital and surplus for insurance companies. In addition, state regulators may permit statutory accounting practices that differ from prescribed practices. Statutory accounting practices prescribed or permitted by regulatory authorities for the Company's Insurance Company Subsidiaries differ from GAAP. The principal differences between statutory accounting practices ("SAP") and GAAP as they relate to the financial statements of the Company's Insurance Company Subsidiaries are (i) policy acquisition costs are expensed as incurred under SAP, whereas they are deferred and amortized under GAAP, (ii) deferred tax assets are subject to more limitations regarding what amounts can be recorded under SAP and (iii) bonds are recorded at amortized cost under SAP and fair value under GAAP.

Risk-Based Capital ("RBC") requirements as promulgated by the National Association of Insurance Commissioners ("NAIC") require property and casualty insurers to maintain minimum capitalization levels determined based on formulas incorporating various business risks (e.g., investment risk, underwriting profitability, etc.) of the Insurance Company Subsidiaries. As of December 31, 2023, CIC fell within the Company Action Level and WPIC fell within the Regulatory Action Level of the RBC formula. WPIC also fell below two other regulatory thresholds which are necessary to stay in compliance. Management is required to provide a plan to its domiciliary regulator that shows how the Companies will get above the minimum level requirements. Management believes that the planned reduction in premium anticipated by a strategic shift to use third-party insurers for substantially all of its commercial lines business will be sufficient to bring the Companies back into compliance by December 31, 2024. Management expects to substantially cease all writings in WPIC by the end of the second quarter of 2024. In the event the Companies do not regain compliance, the director may suspend, revoke, or limit the certificate of authority of the Companies.

As of December 31, 2022, 2021 and 2020, the Insurance Company Subsidiaries' adjusted capital and surplus exceeded their authorized control level as determined by the NAIC's risk-based capital models.

Summarized 2022, 2021 2023 and 2020 2022 statutory basis information for the non-captive Insurance Company Subsidiaries, which differs from generally accepted accounting principles, is as follows (dollars in thousands).

	CIC	WPIC
2023		

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Statutory capital and surplus	$ 32,117	$ 7,494
RBC authorized control level	19,050	5,268
Statutory net income (loss)	(14,014)	(9,841)
RBC %	169%	142%

	CIC	WPIC
2022		
Statutory capital and surplus	$ 47,827	$ 20,651
RBC authorized control level	15,541	5,098
Statutory net income (loss)	(6,846)	(4,171)
RBC %	308%	405%

	CIC	WPIC
2021		
Statutory capital and surplus	$ 50,194	$ 23,603
RBC authorized control level	15,868	5,331
Statutory net income (loss)	(9,161)	(614)
RBC %	316%	443%
	CIC	**WPIC**
2020		
Statutory capital and surplus	$ 49,271	$ 24,723
RBC authorized control level	14,221	4,547
Statutory net income (loss)	2,059	1,024
RBC %	346%	544%

Dividend Restrictions

The state insurance statutes in which the Insurance Company Subsidiaries are domiciled limit the amount of dividends that they may pay annually without first obtaining regulatory approval. Generally, the limitations are based on the greater of statutory net income for the preceding year or 10% of statutory surplus at the end of the preceding year. The Insurance Company Subsidiaries must receive regulatory approval in order to pay dividends to the Parent Company from its Insurance Company Subsidiaries.

12. 13. Shareholders' Equity

Preferred Stock

On December 20, 2023, the Company issued $6.0 million of its newly designated Series A Preferred Stock (the "Preferred Stock"), no par value, through a private placement of 1,000 shares priced at $6,000 per share that matures on June 30, 2026. The Preferred Stock was sold to Clarkston 91 West LLC (the "Purchaser"), an entity affiliated with Gerald and Jeffrey Hakala, members of the Board of Directors of the Company. The Company intends to use the proceeds for working capital and general corporate purposes. Preferred Stock shareholders have no voting rights and optional redemption is only in the control of the Company.

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The Preferred Stock requires quarterly dividend payments. The Preferred Stock dividend rate is equal to the prime rate of Waterford Bank, N.A. ("Waterford Bank"), or 8.0%, whichever is higher, plus 200 basis points. As of December 31, 2023, this equated to an annualized rate of 10.5%.

The Company has the option to redeem the Preferred Stock at the end of any fiscal quarter, in whole or in part, at a price equal to issue price, plus the amount that would result in a 20.0%, compounded annually, annualized return to the holder (inclusive of the dividends paid), on the portion being redeemed.

On the maturity date, each outstanding share of the Preferred Stock, that has not otherwise been redeemed, shall, without any further action by the holders, automatically convert into 4,000 shares of the Company's common stock, subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the common stock that occur after the initial issue date.

As of December 31, 2023 and 2022, the Company had 1,000 and 0 issued and outstanding shares of Preferred Stock, respectively.

Common Stock

On August 10, 2022, the Company issued $5.0 million of common equity through a private placement of 2,500,000 shares priced at $2.00 per share. The participants in the private placement consisted of members of the Company's Board of Directors. The Company used the proceeds for growth capital in the Company's specialty core business segments.

For the year ended December 31, 2023, the Company repurchased 1,968 shares of stock valued at approximately $3,000 related to the vesting of the Company’s restricted stock units. Upon the repurchase of the Company’s shares, the shares remain authorized, but not issued or outstanding.

For the year ended December 31, 2022, the Company repurchased 1,968 shares of stock valued at approximately $4,000 related to the vesting of the Company’s restricted stock units. The Company's additional paid-in capital relating to the Company's stock repurchases was $10,000 for the year ended December 31, 2022. The capital increase was due to a $14,000 adjustment for cash returned related to the Company's stock repurchase program.

For the year ended December 31, 2021, the Company repurchased 3,886 shares of stock valued at approximately $12,000 related to the vesting of the Company’s restricted stock units. Upon the repurchase of the Company’s shares, the shares remain authorized, but not issued or outstanding.

As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company had 12,215,849 12,222,881 and 9,707,817 12,215,849 issued and outstanding shares of common stock, respectively.

Holders of common stock are entitled to one vote per share and to receive dividends only when and if declared by the board of directors. The holders have no preemptive, conversion or subscription rights.

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14. Accumulated Other Comprehensive Income (Loss)

The following table presents changes in accumulated other comprehensive income (loss) for unrealized gains and losses on available-for-sale securities (dollars in thousands):

	Year Ended December 31,		Year Ended December 31,	
	2022	2021	2023	2022
Balance at beginning of period	$ (2,110)	$ 912	$ (18,203)	$ (2,110)
Other comprehensive income (loss) before reclassifications	(16,024)	(2,937)	3,624	(16,024)

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Less: amounts reclassified from accumulated other comprehensive income (loss)	69	85	(51)	69
Net current period other comprehensive income (loss)	(16,093)	(3,022)	3,675	(16,093)
Balance at end of period	$ (18,203)	$ (2,110)	$ (14,528)	$ (18,203)

14. 15. Earnings Per Share

Basic and diluted earnings (loss) per share are computed by dividing net income allocable to common shareholders by the weighted average number of common shares outstanding during the period. The dividends on preferred stock are deducted from the net income to arrive at net income allocable to common shareholders. The following table presents the calculation of basic and diluted earnings (loss) per common share, as follows (dollars in thousands, except share and per share amounts):

	Year Ended December 31,			Year Ended December 31,	
	2022	2021	2020	2023	2022
Net income (loss)	$ (10,681)	$ (1,094)	$ 595	$ (25,904)	$ (10,681)
Preferred stock dividends				19	-
Net income (loss) allocable to common shareholders				$ (25,923)	$ (10,681)
Weighted average common shares, basic and diluted*	10,692,090	9,691,998	9,625,059	12,220,511	10,692,090
Earnings (loss) per share, basic and diluted	(1.00)	$ (0.11)	$ 0.06	$ (2.12)	$ (1.00)

* The preferred shares that may be convertible into a total of 4,000,000 common shares were anti-dilutive and thus did not impact the diluted earnings per share calculation. There were no unvested restricted stock units as of December 31, 2023. The non-vested shares of the restricted stock units and stock options were anti-dilutive as of December 31, 2022, 2021, and 2020. . Therefore, the non-vested shares are excluded from earnings (loss) per share for the years ended December 31, 2022, 2021, and 2020. .

15. 16. Stock-based Compensation

On March 8, 2022 the Company issued options to purchase 630,000 shares of the Company's common stock to two named executive officers. The right to exercise the options will vest over a five-year period on a straight-line basis. The options have a strike price of $4.53 per share and will expire on March 8, 2032. The estimated grant date fair value of these options is $612,000, which is being expensed ratably over the vesting period. A Black Scholes model was used to determine the fair value of the options at the time the options were issued, using the Company's historical 5-year market price of its stock to determine volatility (equating to 65.04%), an estimated 5-year term to exercise the options, a 5-year risk-free rate of return of 1.8%, and the market price for the Company's stock of $2.40 per share.

On June 30, 2020, the Company issued options to purchase 280,000 shares of the Company's common stock to certain executive officers and other employees. The right to exercise the options will vest over a five-year period on a straight-line basis. The options have a strike price of $3.81 per share and expire on June 30, 2030. The estimated grant date fair value of these options is $290,000, which will be expensed ratably over the vesting period.

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In 2016 and 2018, the Company issued 111,281 and 70,000, respectively, of restricted stock units (“RSUs”) to various employees to be settled in shares of common stock, which were valued at $909,000, and $404,000, respectively, on the dates of grant.

The Company recorded $56,000 17,000, $166,000, and $677,000 56,000 of compensation expense related to the RSUs for the years ended December 31, 2022 December 31, 2023, 2021, and 2020, 2022, respectively. There were are 9,000 no unvested RSUs as of December 31, 2022, which will generate an estimated future expense of $17,000December 31, 2023.

The Company recorded $53,000 51,000, $52,000, and $29,000 53,000 of compensation expense for the year years ended December 31, 2022, 2021, December 31, 2023 and 2020, 2022, respectively, related to the stock options granted on June 30, 2020. There were 153,000 100,000 options outstanding and unvested as of December 31, 2022 December 31, 2023, which will generate an estimated future expense of $132,000 78,000.

The Company recorded $122,000 and $102,000 of compensation expense for the year years ended December 31, 2022 December 31, 2023, and 2022, respectively, related to the stock options granted on March 8, 2022. There were 630,000 504,000 options outstanding and unvested as of December 31, 2022 December 31, 2023, which will generate an estimated future expense of $510,000 387,000.

16. 17. Related Party Transactions

J. Grant Smith joined the Company’s Board on January 12, 2024. J. Grant Smith is the President and Chief Operating Officer of Waterford Bank. As of December 31, 2023, the Company owned $528,000 of Waterford Bank's common stock.

The Company employs Nicholas J. Petcoff as its Co-Chief Chief Executive Officer and a Director of the Company's Board of Directors. Nicholas J. Petcoff became the Company's sole Chief Executive Officer on December 31, 2023. The Company employed Andrew D. Petcoff as its Senior Vice President of Personal Lines and as President of Sycamore, CIS, until June 30, 2021. The Company’s employment of Andrew D. Petcoff ended as the result of the Venture Transaction. See Note 3 4 ~ *Sale of Certain Agency Business* for additional details. Andrew D. Petcoff resigned from the Company's Board of Directors on December 31, 2022. Andrew D. Petcoff is now the President of Sycamore Specialty Underwriters, LLC ("SSU"), a related Affiliate to the Company as of December 31, 2022. See Note 2 3 ~ *VSRM Transaction* for additional details.

Nicholas J. Petcoff has been employed with the Company since 2009. Andrew D. Petcoff had formerly been employed with the Company since 2009. They are the sons of the Company's former Executive Chairman and Co-Chief Executive Officer, James G. Petcoff. James G. Petcoff stepped down as the Company's Executive Chairman and Co-Chief Executive Officer on December 31, 2023.

The Company employed B. Matthew Petcoff as Vice President of Sycamore CIS until June 30, 2021. B. Matthew Petcoff is the brother of the Executive Chairman and Co-Chief Executive Officer, James G. Petcoff. The Company also employed Hilary Petcoff as its Vice President of Enterprise Risk Management until June 30, 2021. Ms. Petcoff is the daughter of the Company’s Executive Chairman and Co-Chief Executive Officer, James G. Petcoff. As a result of the transaction in Note 2 3 ~ *VSRM Transaction*, B. Matthew Petcoff and Hilary Petcoff are no longer employees of Venture Agency Holdings, Inc., and are no longer affiliated with the Company as of December 31, 2022.

In October 2022, the Company acquired control over Venture (a previous equity method investee) for total consideration of $9.7 million as further described in Note 2 3 ~ *VRSM Transaction.*

See Note 12 13 ~ *Shareholders' Equity* for the preferred and common stock issuance issuances to members of the Company's Board.

17. 18. Employee Benefit Plans

The Company maintains a retirement savings plan under section 401(k) of the Internal Revenue Code (the “Plan”) for certain eligible employees. Eligible employees electing to participate in the 401(k) plan may defer and contribute from 1% to 100% of their compensation on a pre-tax or post-tax basis, subject to statutory limits. The Company will match the employees’ contributions up to the first 4% of their compensation. The Company’s Plan

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expense amounted to $457,000, $508,000 411,000 and $508,000 457,000 for the years ended December 31, 2022, 2021 December 31, 2023 and 2020, 2022, respectively.

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19. Commitments and Contingencies

Legal proceedings

The Company and its subsidiaries are subject at times to various claims, lawsuits and proceedings relating principally to alleged errors or omissions in the placement of insurance, claims administration, and other business transactions arising in the ordinary course of business. Where appropriate, the Company vigorously defends such claims, lawsuits and proceedings. Some of these claims, lawsuits and proceedings seek damages, including consequential, exemplary or punitive damages, in amounts that could, if awarded, be significant. Most of the claims, lawsuits and proceedings arising in the ordinary course of business are covered by the insurance policy at issue. We account for such activity through the establishment of unpaid losses and LAE reserves. In accordance with accounting guidance, if it is probable that a liability has been incurred as of the date of the financial statements and the amount of loss is reasonably estimable; then an accrual for the costs to resolve these claims is recorded by the Company in the accompanying consolidated balance sheets. Periodic expenses related to the defense of such claims are included in the accompanying consolidated statements of operations. On the basis of current information, the Company does not believe that there is a reasonable possibility that any material loss exceeding amounts already accrued, if any, will result from any of the claims, lawsuits and proceedings to which the Company is subject to, either individually, or in the aggregate.

Commitments

The Company is party to an agreement with an unaffiliated company to provide a policy administration, billing, and claims system for the Company. The scope of work and fee structure has changed over time. Currently, the agreement requires a minimum monthly payment of $30,000 with a fee schedule that is scalable with the premium volume, and expires on November 1, 2026. The Company incurred $1.9 million of expenses from its use of the system in 2023 and 2022, respectively.

19. 20. Segment Information

The Company is engaged in the sale of property and casualty insurance products and has organized its business model around three classes of insurance businesses: commercial lines, personal lines, and wholesale agency business. Within these three businesses, the Company offers various insurance products and insurance agency services. Such insurance businesses are engaged in underwriting and marketing insurance coverages, and administering claims processing for such policies. The Company views the commercial and personal lines segments as underwriting business (business that takes on insurance underwriting risk). The wholesale agency business provides non-risk bearing revenue through commissions and policy fees. The wholesale agency business increases the product options to the Company's independent retail agents by offering both insurance products from the Insurance Company Subsidiaries as well as products offered by other insurers.

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The Company defines its operating segments as components of the business where separate financial information is available and used by the co-chief chief operating decision makers in deciding how to allocate resources to its segments and in assessing its performance. In assessing performance of its operating segments, the Company's co-chief chief operating decision makers, the Co-Chief Chief Executive Officers, Officer, review a number of financial measures including gross written premiums, net earned premiums, losses and LAE, net of reinsurance recoveries, and other revenue and expenses. The primary measure used for making decisions about resources to be allocated to an operating segment and assessing its performance is segment underwriting gain or loss which is defined as segment revenues, consisting of net earned premiums and other income, less segment expenses, consisting of losses and LAE, policy acquisition costs and operating expenses of the operating segments. Operating expenses primarily include compensation and related benefits for personnel, policy issuance and claims systems, rent and utilities. The Company markets, distributes and sells its insurance products through its own insurance agencies and a network of independent agents. All of the Company's insurance activities are conducted in the United States with a concentration of activity in Michigan, Florida, Texas, Oklahoma and California. For the years ended December 31, 2022, 2021, December 31, 2023 and 2020, 2022, gross written premiums attributable to these four states were 54.1 59.9% and 52.8%, 50.6%, and 49.6% respectively, of the Company's total gross written premiums.

The following table summarizes our net earned premiums:

	Net Earned Premium			Net Earned Premium	
	2022	2021	2020	2023	2022
Commercial	84 %	89 %	92 %	71 %	84 %
Personal	16 %	11 %	8 %	29 %	16 %
Total	100 %	100 %	100 %	100 %	100 %

The wholesale agency business sells insurance products on behalf of the Company's commercial and personal lines businesses as well as to third-party insurers. Certain acquisition costs incurred by the commercial and personal lines businesses are reflected as commission revenue for the wholesale agency business and are eliminated in the Eliminations category.

In addition to the reportable segments, the Company maintains a Corporate and Other category to reconcile segment results to the consolidated totals. The Corporate and Other category includes: (i) corporate operating expenses such as salaries and related benefits of the Company's executive management team, some finance and information technology personnel, and other corporate headquarters expenses, (ii) interest expense on the Company's debt obligations; (iii) depreciation and amortization on property and equipment, and (iv) all investment income activity. All investment income activity is reported within net investment income, net realized investment gains, and change in fair value of equity securities on the consolidated statements of operations. The Company's assets on the consolidated balance sheet are not allocated to the reportable segments.

The following tables present information by reportable segment (dollars in thousands):

Year Ended December 31, 2022	Commercial Lines	Personal Lines	Under-writing	Wholesale Agency	Corp-orate	Elim-inations	Total

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Year Ended December 31, 2023								Commercial Lines	Personal Lines	Under-writing	Wholesale Agency	Corp-orate	Elim-inations	Total
Gross written premiums	$ 116,868	$ 21,15 1	$ 138,019	$ —	$ —	$ —	$ 13,19	$ 107,078	$ 36,756	$ 143,834	$ —	$ —	$ —	$ 143,834
Net written premiums	$ 72,318	$ 18,91 4	$ 91,232	$ —	$ —	$ —	$ 91,23 2	$ 36,580	$ 32,108	$ 68,688	$ —	$ —	$ —	$ 68,688
Net earned premiums	$ 80,823	$ 15,88 8	$ 96,711	$ —	$ —	$ —	$ 96,71 1	$ 59,221	$ 24,714	$ 83,935	$ —	$ —	$ —	$ 83,935
Agency commission income								—	—	—	5,680	—	—	5,680
Other income	245	82	327	5,712	271	(3,542)	2,768	217	96	313	1,379	239	(1,237)	694
Segment revenue	81,068	15,97 0	97,038	5,712	271	(3,542)	99,47 9	59,438	24,810	84,248	7,059	239	(1,237)	90,309
Loss and loss adjustment expenses, net	70,762	10,67 8	81,440	—	—	—	81,44 0	62,828	19,585	82,413	—	—	—	82,413
Policy acquisition costs	17,682	4,604	22,286	3,653	—	(3,760)	22,17 9	9,134	6,663	15,797	6,401	—	(1,306)	20,892
Operating expenses	13,069	1,936	15,005	2,612	1,192	(20)	18,78 9	11,988	3,444	15,432	1,153	1,306	—	17,891
Loss portfolio transfer risk fee	5,400	—	—	—	—	—	5,400							
Segment expenses	106,913	17,21 8	118,731	6,265	1,192	(3,780)	12,708	83,950	29,692	113,642	7,554	1,306	(1,306)	121,196
Segment underwriting gain (loss)	(25,845)	(1,248)	(21,693)	(553)	(921)	238	(28,329)	(24,512)	(4,882)	(29,394)	(495)	(1,067)	69	(30,887)
Net investment income				32	3,011		3,043					5,526		5,526

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Net realized investment gains (losses)					(1,505)		(1,550)				(20)		(20)
Change in fair value of equity securities					403		403				608		608
Gain from VSRM Transaction					8,810		8,810						
Gain on sale of renewal rights											2,335		2,335
Other gains				(1)	60		59				—		—
Interest expense					(2,971)		(2,971)				(3,206)		(3,206)
Income (loss) before income taxes	$ (25,845)	$ (1,248)	$ (21,693)	$ (564)	$ 6,929	$ 238	$ (20,490)	$ (24,512)	$ (4,882)	$ (29,394)	$ (495)	$ 4,176	$ 69	$ (25,644)
Selected Balance Sheet Data:													
Deferred policy acquisition costs	$ 7,683	$ 2,796				$ (189)	$ 10,290	$ 2,047	$ 4,357			$ (119)	$ 6,285
Unearned premiums	56,565	11,232					67,797	45,494	19,656				65,150
Unpaid losses and loss adjustment expenses	$ 159,558	$ 15,981					$ 175,539	$ 169,039	$ 5,573				$ 174,612

Year Ended December 31, 2021	**Commercial Lines**	**Personal Lines**	**Under-writing**	**Wholesale Agency**	**Corp-orate**	**Elim-inations**	**Total**
Year Ended December 31, 2022							
Gross written premiums	$ 117,075	$ 15,802	$ 132,095	$ —	$ —	$ —	$ 132,095
Net written premiums	$ 87,307	$ 14,122	$ 101,429	$ —	$ —	$ —	$ 101,429

Year Ended December 31, 2022	**Commercial Lines**	**Personal Lines**	**Under-writing**	**Wholesale Agency**	**Corp-orate**	**Elim-inations**	**Total**
Gross written premiums	$ 116,868	$ 21,151	$ 138,019	$ —	$ —	$ —	$ 138,019
Net written premiums	$ 72,318	$ 18,914	$ 91,232	$ —	$ —	$ —	$ 91,232

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Net earned premiums	$ 87,759	$ 11,304	$ 98,802	$ —	$ —	$ —	$ 98,802	$ 80,823	$ 15,888	$ 96,711	$ —	$ —	$ —	$ 96,711
Agency commission income								—	—	—	1,414	—	—	1,414
Other income	215	143	358	5,848	365	(3,900)	2,671	245	82	327	4,298	271	(3,542)	1,354
Segment revenue	87,974	11,186	99,160	5,848	365	(3,900)	101,473	81,068	15,970	97,038	5,712	271	(3,542)	99,479
Loss and loss adjustment expenses, net	63,868	5,993	69,861	—	—	—	69,861	70,762	10,678	81,440	—	—	—	81,440
Policy acquisition costs	25,687	3,307	28,994	3,727	—	(4,270)	28,451	17,682	4,604	22,286	3,653	—	(3,760)	22,179
Operating expenses	11,648	1,357	13,005	2,382	1,122	—	16,509	13,069	1,936	15,005	2,612	1,192	(20)	18,789
Loss portfolio transfer risk fee								5,400	—	5,400	—	—	—	5,400
Segment expenses	101,203	10,657	111,860	6,109	1,122	(4,270)	114,821	106,913	17,218	124,131	6,265	1,192	(3,780)	127,808
Segment underwriting gain (loss)	(13,229)	529	(12,700)	(261)	(757)	$ 370	(13,348)	(25,845)	(1,248)	(27,093)	(553)	(921)	$ 238	(28,329)
Net investment income					1,968		1,968				32	3,011		3,043
Net realized investment gains					2,878		2,878							
Net realized investment gains (losses)												(1,505)		(1,505)
Change in fair value of equity securities					(2,020)		(2,020)					403		403
Gain from VSRM Transaction												8,810		8,810

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Other gains					11,664		11,664					(1)	60		59
Interest expense					(2,852)		(2,852)					(42)	(2,929)		(2,971)
Income (loss) before income taxes	$ (13,229)	$ 52	$ (12,700)	$ (261)	$ 10,881	$ 370	$ (1,671)	$ (25,845)	$ (1,248)	$ (27,093)	$ (564)	$ 6,929	$ 238	$ (20,490)	
Selected Balance Sheet Data:															
Deferred policy acquisition costs	$ 10,619	$ 2,075				$ (427)	$ 12,267	$ 7,683	$ 2,796				$ (189)	$ 10,290	
Unearned premiums	57,491	7,778					65,269	56,565	11,322					67,887	
Unpaid losses and loss adjustment expenses	135,084	4,001					139,085	159,558	5,981					165,539	

21. Subsequent Events

Year Ended December 31, 2020	Commercial Lines	Personal Lines	Under-writing	Wholesale Agency	Corp-orate	Elim-inations	Total
Gross written premiums	$ 102,763	$ 8,572	$ 111,335	$ —	$ —	$ —	$ 111,335
Net written premiums	$ 85,385	$ 7,555	$ 92,940	$ —	$ —	$ —	$ 92,940
Net earned premiums	$ 82,409	$ 6,694	$ 89,103	$ —	$ —	$ —	$ 89,103
Other income	242	150	392	7,571	245	(5,593)	2,615
Segment revenue	82,651	6,844	89,495	7,571	245	(5,593)	91,718

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Loss and loss adjustment expenses, net	53,263	2,965	56,228	—	—	—	56,228
Policy acquisition costs	25,051	2,044	27,095	4,938	—	(5,928)	26,105
Operating expenses	12,644	1,069	13,713	3,107	1,648	—	18,468
Segment expenses	90,958	6,078	97,036	8,045	1,648	(5,928)	100,801
Segment underwriting gain (loss)	(8,307)	766	(7,541)	(474)	(1,403)	$ 335	(9,083)
Net investment income					3,156		3,156
Net realized investment gains					8,126		8,126
Change in fair value of equity securities					228		228
Other gains					260		260
Interest expense					(2,925)		(2,925)
Income (loss) before income taxes	$ (8,307)	$ 766	$ (7,541)	$ (474)	$ 7,442	$ 335	$ (238)
Selected Balance Sheet Data:							
Deferred policy acquisition costs	$ 11,858	$ 1,183				$ (798)	$ 12,243
Unearned premiums	51,535	4,689					56,224
Unpaid losses and loss adjustment expenses	106,662	4,608					111,270

The Company performed an evaluation of subsequent events through the date the financial statements were issued and determined there were no recognized or unrecognized subsequent events that would require an adjustment or additional disclosure in the condensed consolidated financial statements as of December 31, 2023.

Schedule II

Conifer Holdings, Inc.

Condensed Financial Information of Registrant

Balance Sheets – Parent Company Only

(dollars in thousands)

	December 31,		December 31,	
	2022	2021	2023	2022
Assets				
Investment in subsidiaries	56,670	79,511	$ 31,157	$ 56,670
Cash	9,022	750	3,174	9,022
Due from subsidiaries	(9,754)	(7,055)		
Due from Affiliate	113	220	33	113
Other assets	2,434	2,522	1,457	2,434
Total assets	58,485	75,948	$ 35,821	$ 68,239
Liabilities and Shareholders' Equity				
Liabilities:				

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Debt	33,876	33,564	$ 29,061	$ 33,876
Due to subsidiaries			3,436	9,754
Other liabilities	5,659	1,881	1,798	5,659
Total liabilities	39,535	35,445	34,295	49,289
Shareholders' equity:				
Common stock, no par value (100,000,000 shares authorized; 12,215,849 and 9,707,817 issued and outstanding, respectively)	97,913	92,692		
Preferred stock, no par value (10,000,000 shares authorized; 1,000 and 0 issued and outstanding, respectively)			6,000	—
Common stock, no par value (100,000,000 shares authorized; 12,222,881 and 12,215,849 issued and outstanding, respectively)			98,100	97,913
Accumulated deficit	(60,760)	(50,079)	(86,683)	(60,760)
Accumulated other comprehensive income (loss)	(18,203)	(2,110)	(15,891)	(18,203)
Total shareholders' equity	18,950	40,503	1,526	18,950
Total liabilities and shareholders' equity	58,485	75,948	$ 35,821	$ 68,239

The accompanying notes are an integral part of the Condensed Financial Information of Registrant.

106 102

Schedule II

Conifer Holdings, Inc.

Condensed Financial Information of Registrant

Statements of Comprehensive Income (Loss) – Parent Company Only

(dollars in thousands)

	Year Ended December 31,			Year Ended December 31,	
	2022	2021	2020	2023	2022
Revenue					
Management fees from subsidiaries	$ 4,980	$ 15,952	$ 12,527	$ 17,367	$ 4,980

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Other income	190	2,900	483	819	190
Total revenue	5,170	18,852	13,010	18,186	5,170
Expenses					
Operating expenses	14,365	12,736	14,459	14,133	14,365
Interest expense	2,816	2,852	2,925	3,079	2,816
Total expenses	17,181	15,588	17,384	17,212	17,181
Income (loss) before equity in earnings (losses) of subsidiaries and income tax expense (benefit)	(12,011)	3,264	(4,374)	974	(12,011)
Income tax expense (benefit)	(4,078)	156	(813)	73	(4,078)
Income (loss) before equity earnings (losses) of subsidiaries	(7,933)	3,108	(3,561)	901	(7,933)
Equity earnings (losses) in subsidiaries	(2,748)	(4,202)	4,156	(26,805)	(2,748)
Net income (loss)	(10,681)	(1,094)	595	(25,904)	(10,681)
Other Comprehensive Income					
Equity in other comprehensive income (loss) of subsidiaries	(16,093)	(3,022)	423	2,312	(16,093)
Total Comprehensive income (loss)	$ (26,774)	$ (4,116)	$ 1,018	$ (23,592)	$ (26,774)

The accompanying notes are an integral part of the Condensed Financial Information of Registrant.

Schedule II

Conifer Holdings, Inc.

Condensed Financial Information of Registrant

Statement of Cash Flows – Parent Company Only

(dollars in thousands)

	Year Ended December 31,			Year Ended December 31,	
	2022	2021	2020	2023	2022
Cash Flows from Operating Activities					

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Net income (loss)	$ (10,681)	$ (1,094)	$ 595	$ (25,904)	$ (10,681)
Adjustments to reconcile net income (loss) to net cash used in operating activities:					
Depreciation and amortization	436	415	421	545	436
Equity in undistributed (income) loss of subsidiaries	2,748	4,202	(4,156)	26,805	2,748
Stock-based compensation expense	211	218	706	190	211
Deferred income tax expense	3,884	—	—	(3,806)	3,884
Other (gain) loss	—	(2,593)	(260)	—	—
Changes in operating assets and liabilities:					
Due from subsidiaries	2,699	8,800	(852)	(6,318)	2,699
Due from Affiliate	107	(220)	214	80	107
Current income tax recoverable	—	—	539	—	—
Other assets	62	890	625	860	62
Other liabilities	(203)	(915)	(715)	(73)	(203)
Net cash provided by (used in) operating activities	(737)	9,703	(2,883)	(7,621)	(737)
Cash Flows From Investing Activities					
Contributions to subsidiaries	4,000	(5,400)	(1,150)	1,019	4,000
Dividends received from subsidiaries	—	—	—	—	—
Purchases of investments	—	—	(79)	—	—
Purchases of property and equipment	—	(20)	—	—	—
Net cash provided by (used in) investing activities	4,000	(5,420)	(1,229)	1,019	4,000
Cash Flows From Financing Activities					
Proceeds received from issuance of shares of preferred stock				6,000	—
Proceeds received from issuance of shares of common stock	5,000	—	—	—	5,000
Proceeds from issuance of long-term debt				10,727	—
Repurchase of common stock	10	(12)	(36)	(3)	10
Borrowings under debt arrangements	5,000	3,000	5,745	—	5,000
Repayment of borrowings under debt arrangements	(5,000)	(8,000)	(625)	—	(5,000)
Stock and debt issuance costs	—	—	—		
Paydown of long-term debt				(13,971)	—
Debt issuance costs				(1,999)	—

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Net cash provided by financing activities	5,010	(5,012)	5,084	754	5,010
Net increase (decrease) in cash	8,273	(729)	972	(5,848)	8,273
Cash at beginning of period	749	1,478	506	9,022	749
Cash at end of period	$ 9,022	$ 749	$ 1,478	$ 3,174	$ 9,022
Supplemental Disclosure of Cash Flow Information:					
Interest paid	$ 2,979	$ 3	$ 2,586	2,949	2,979
Preferred stock dividends declared but not paid at end of period				19	—

The accompanying notes are an integral part of the Condensed Financial Information of Registrant.

Conifer Holding, Inc.
Condensed Financial Information of Registrant
Parent Company Only
Notes to Condensed Financial Statements

1. Accounting Policies

Organization

Conifer Holdings, Inc. (the “Parent”) is a Michigan-domiciled holding company organized for the purpose of managing its insurance entities. The Parent conducts its principal operations through these entities.

Basis of Presentation

The accompanying condensed financial information should be read in conjunction with the Consolidated Financial Statements and related Notes of Conifer Holdings, Inc. and Subsidiaries. Investments in subsidiaries are accounted for using the equity method. Under the equity method, the investment in subsidiaries is stated at cost plus contributions and equity in undistributed income (loss) of consolidated subsidiaries less dividends received since the date of acquisition.

The Parent’s operations consist of income earned from management and administrative services performed for the insurance entities pursuant to intercompany services agreements. These management and administrative services include providing management, marketing, offices and equipment, and premium collection, for which the insurance companies pay fees based on a percentage of gross premiums written. Also, the Parent receives commission income for performing agency services. The primary operating costs of the Parent are salaries and related costs of personnel, information technology, administrative expenses, and professional fees. The income received from the management and administrative services is used to cover operating costs, meet debt service requirements and cover other holding company obligations.

Estimates and Assumptions

Preparation of the condensed financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed financial statements and accompanying disclosures. Those estimates are inherently subject to change, and

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actual results may ultimately differ from those estimates.

Dividends

The Parent received $1.4 million in cash dividends from RCIC in 2023. The Parent received a $10.8 million dividend from Sycamore CIS during the fourth quarter of 2022. The Parent received no cash dividends from its subsidiaries in 2021 and 2020. In 2021, the Parent received a $6.0 million non-cash dividend from one of its subsidiaries in the form of a promissory note from Affiliate, which the Parent subsequently contributed to one of the insurance subsidiaries.

2. Guarantees

The Parent has guaranteed the principal and interest obligations of a $10.0 million surplus note issued by Conifer Insurance Company to White Pine Insurance Company (both wholly owned subsidiaries). The note pays interest annually at a per annum rate of 4% and has no maturity.

As of December 31, 2023, the surplus note was adjusted to a fair value of $6.8 million as a result of KBRA downgrading CIC's surplus note rating from BBB- to BB+. This change in CIC's rating required a change in the statutory statement presentation from a cost basis to a fair value basis of accounting.

Schedule V
Conifer Holdings, Inc. and Subsidiaries
Valuation and Qualifying Accounts
For the Years Ended December 31, 2022, 2021, December 31, 2023 and 2020 2022
(dollars in thousands)

	Balance at Beginning of Period	Charged to Expense	Decrease to Other Comprehensive Income	Deductions from Allowance Account	Balance at End of Period	Balance at Beginning of Period	Charged to Expense	Decrease to Other Comprehensive Income	Deductions from Allowance Account	Balance at End of Period
Valuation for Deferred Tax Assets										
2023						21,663	7,254	(904)	—	28,013

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2022	14,594	3,715	3,354	—	21,663	14,594	3,715	3,354	—	21,663
2021	13,292	676	626	—	14,594					
2020	13,572	(205)	(75)	—	13,292					

CONIFER HOLDINGS, INC.

Exhibit Index

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed / Furnished Herewith
		Form	Period Ending	Exhibit / Appendix Number	Filing Date	
3.1	Second Amended and Restated Articles of Incorporation of Conifer Holdings, Inc.	8-K	September 30, 2015	3.1	August 28, 2015	
3.4	Amended and Restated Bylaws of Conifer Holdings, Inc.	S-1A	September 30, 2015	3.4	July 30, 2015	
10.6	2015 Omnibus Incentive Plan	S-1		10.2	July 2, 2015	
10.7	Lease Agreement, dated September 18, 2013, as amended	S-1		10.3	July 2, 2015	
10.13	Employment agreements - Nicholas J. Petcoff, James G. Petcoff Andrew D. Petcoff, Brian J. Roney	10-K	December 31, 2016	10.13	March 15, 2017	
10.14	Note Purchase Agreement dated September 29, 2017 between the Company and Elanus Capital Investments Master SP Series 3	10-Q	September 30, 2017	10.14	November 11, 2017	
10.15	Credit Agreement Dated as of June 21, 2018 with The Huntington National Bank	10-K	December 31, 2018	10.15	March 13, 2019	

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10.16	First Amendment to Note Purchase Agreement dated as of June 21, 2018 between the Company and Elanus Capital Investments Master SP Series 3	10-K	December 31, 2018	10.16	March 13, 2019	
10.17	Amended and Restated Note Purchase Agreement dated September 25, 2018 between the Company and Elanus Capital Investments Master SP Series 3	10-K	December 31, 2018	10.17	March 13, 2019	
10.18	Waiver and Consent from The Huntington National Bank dated as of October 31, 2018, regarding the Amended and Restated Note Purchase Agreement between the Company and Elanus Capital Investments Master SP Series 3	10-K	December 31, 2018	10.18	March 13, 2019	
10.19	First Amendment to Amended and Restated Note Purchase Agreement dated as of December 13, 2018 between the Company and Elanus Capital Investments Master SP Series 3	10-K	December 31, 2018	10.19	March 13, 2019	

		Incorporated by Reference				
Exhibit Number	**Exhibit Description**	**Form**	**Period Ending**	**Exhibit / Appendix Number**	**Filing Date**	**Filed / Furnished Herewith**
3.1	Second Amended and Restated Articles of Incorporation of Conifer Holdings, Inc.	8-K	September 30, 2015	3.1	August 28, 2015	
3.2	Amended and Restated Bylaws of Conifer Holdings, Inc.	S-1A	September 30, 2015	3.4	July 30, 2015	
3.3	Certificate of Designation of Series A Preferred Stock	8-K		3.1	December 22, 2023	
4.1	Description of Securities					
4.2	Indenture dated September 24, 2018, by and between the Company and Wilmington Trust, National Association, as trustee	8-K		4.1	September 24, 2018	
4.3	Form of Note (included in Exhibit A to the Second Supplemental Indenture)	8-K		4.3	August 8, 2023	

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4.4	Second Supplemental Indenture dated August 8, 2023, by and between the Company and Wilmington Trust, National Association, as trustee				
10.6	2015 Omnibus Incentive Plan	S-1		10.2	July 2, 2015
10.7	Lease Agreement, dated June 14, 2022				
10.8	Limited Waiver Regarding Second Amended and Restated Note Purchase Agreement				
10.12	Employment agreement - Nicholas J. Petcoff				
10.13	Employment agreements including Brian J. Roney	10-K	December 31, 2016	10.13	March 15, 2017
10.14	Note Purchase Agreement dated September 29, 2017 between the Company and Elanus Capital Investments Master SP Series 3	10-Q	September 30, 2017	10.14	November 11, 2017
10.15	Credit Agreement Dated as of June 21, 2018 with The Huntington National Bank	10-K	December 31, 2018	10.15	March 13, 2019
10.16	First Amendment to Note Purchase Agreement dated as of June 21, 2018 between the Company and Elanus Capital Investments Master SP Series 3	10-K	December 31, 2018	10.16	March 13, 2019

10.20	First Amendment to Credit Agreement dated as of December 27, 2018 between the Company and The Huntington National Bank	10-K	December 31, 2018	10.20	March 13, 2019

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10.21	Second Amendment to Amended and Restated Note Purchase Agreement dated as of June 21, 2019 between the Company and Elanus Capital Investments Master SP Series 3	10-K	December 31, 2019	10.21	March 12, 2020	
10.22	Second Amendment to Credit Agreement dated as of June 21, 2019 between the Company and The Huntington National Bank	10-K	December 31, 2019	10.22	March 12, 2020	
10.23	Promissory Note – Paycheck Protection Program Loan dated as of April 24, 2020 between the Company and The Huntington National Bank	10-Q	March 31, 2020	10.23	May 13, 2020	
10.24	Third Amendment to Credit Agreement dated as of April 24, 2020 between the Company and The Huntington National Bank	10-Q	March 31, 2020	10.24	May 13, 2020	
10.25	Amendment to Promissory Note dated as of June 19, 2020 between the Company and The Huntington National Bank	10-Q	June 30, 2020	10.25	August 12, 2020	
10.26	Fourth Amendment to Credit Agreement dated as of June 19, 2020 between the Company and The Huntington National Bank	10-Q	June 30, 2020	10.26	August 12, 2020	
10.27	Amendment to Promissory Note dated as of June 18, 2021 between the Company and The Huntington National Bank	10-Q	June 30, 2021	10.27	August 11, 2021	
10.28	Fifth Amendment to Credit Agreement dated as of June 18, 2021 between the company and the Huntington National Bank	10-Q	June 30, 2021	10.28	August 11, 2021	
10.29	Six Amendment to Credit Agreement dated as of August 8, 2022 between the Company and the Huntington National Bank	10-Q	June 30, 2022	10.29	August 11, 2022	
21.1	List of Subsidiaries of the Company					*
23.1	Consent of Plante Moran PLLC, Independent Registered Public Accounting Firm					*

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23.2	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm					*
10.17	Amended and Restated Note Purchase Agreement dated September 25, 2018 between the Company and Elanus Capital Investments Master SP Series 3	10-K	December 31, 2018	10.17	March 13, 2019	
10.18	Waiver and Consent from The Huntington National Bank dated as of October 31, 2018, regarding the Amended and Restated Note Purchase Agreement between the Company and Elanus Capital Investments Master SP Series 3	10-K	December 31, 2018	10.18	March 13, 2019	
10.19	First Amendment to Amended and Restated Note Purchase Agreement dated as of December 13, 2018 between the Company and Elanus Capital Investments Master SP Series 3	10-K	December 31, 2018	10.19	March 13, 2019	
10.20	First Amendment to Credit Agreement dated as of December 27, 2018 between the Company and The Huntington National Bank	10-K	December 31, 2018	10.20	March 13, 2019	
10.21	Second Amendment to Amended and Restated Note Purchase Agreement dated as of June 21, 2019 between the Company and Elanus Capital Investments Master SP Series 3	10-K	December 31, 2019	10.21	March 12, 2020	
10.22	Second Amendment to Credit Agreement dated as of June 21, 2019 between the Company and The Huntington National Bank	10-K	December 31, 2019	10.22	March 12, 2020	
10.24	Third Amendment to Credit Agreement dated as of April 24, 2020 between the Company and The Huntington National Bank	10-Q	March 31, 2020	10.24	May 13, 2020	
10.25	Amendment to Promissory Note dated as of June 19, 2020 between the Company and The Huntington National Bank	10-Q	June 30, 2020	10.25	August 12, 2020	
10.26	Fourth Amendment to Credit Agreement dated as of June 19, 2020 between the Company and The Huntington National Bank	10-Q	June 30, 2020	10.26	August 12, 2020	

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10.27	Amendment to Promissory Note dated as of June 18, 2021 between the Company and The Huntington National Bank	10-Q	June 30, 2021	10.27	August 11, 2021	
10.28	Fifth Amendment to Credit Agreement dated as of June 18, 2021	10-Q	June 30, 2021	10.28	August 11, 2021	

31.1	Section 302 Certification — Co-CEO	*
31.2	Section 302 Certification — Co-CEO	*
31.3	Section 302 Certification — CFO	
32.1*	Section 906 Certification — Co-CEO	*
32.2*	Section 906 Certification — Co-CEO	
32.3*	Section 906 Certification — CFO	*
101.INS	inline XBRL Instance Document	*
101.SCH	inline XBRL Taxonomy Extension Schema Document	*
101.CAL	inline XBRL Taxonomy Extension Calculation Linkbase	*
101.DEF	inline XBRL Taxonomy Extension Definition Linkbase	*
101.LAB	inline XBRL Taxonomy Extension Label Linkbase	*
101.PRE	inline XBRL Taxonomy Extension Presentation Linkbase	*
104	Cover Page Interactive Data file (embedded within the inline XBRL document)	

	between the company and the Huntington National Bank				
10.29	Six Amendment to Credit Agreement dated as of August 8, 2022 between the Company and the Huntington National Bank	10-Q	June 30, 2022	10.29	August 11, 2022
10.30	Purchase Agreement, dated December 20, 2023, by and between Conifer Holdings, Inc. and Clarkston Capital, LLC	8-K		10.1	December 22, 2023

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10.31	Second Amended and Restated Note Purchase Agreement dated as of September 30, 2023 between the Company and Elanus Capital Investment Master SP Series 3	10-Q	September 30, 2023	10.1	November 11, 2023	
21.1	List of Subsidiaries of the Company					*
23.1	Consent of Plante Moran PLLC, Independent Registered Public Accounting Firm					*
31.1	Section 302 Certification — CEO					*
31.2	Section 302 Certification — CFO					*
32.1*	Section 906 Certification — CEO					*
32.2*	Section 906 Certification — CFO					*
97	Conifer Clawback Policy					*
99.1	Report of Independent Registered Public Accounting Firm on Supplemental Information					
101.INS	inline XBRL Instance Document					*
101.SCH	inline XBRL Taxonomy Extension Schema With Embedded Linkbases Document					*
104	Cover Page Interactive Data file (embedded within the inline XBRL document)					

* This certification is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

ITEM 16. Form 10-K Summary

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONIFER HOLDINGS, INC.

By: /s/ James G. Nicholas J. Petcoff

James G. Nicholas J. Petcoff

Executive Chairman and Co-Chief Chief Executive Officer

(Principal Executive Officer)

By: /s/ Harold J. Meloche

Harold J. Meloche

Chief Financial Officer and Treasurer

(Principal Accounting and Financial Officer)

Dated: March 27, 2023 April 1, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ James G. Petcoff James G. Petcoff	Executive Chairman and Co-Chief Executive Officer (Principal Executive Officer)	March 27, 2023
/s/ Nicholas J. Petcoff Nicholas J. Petcoff	Co-Chief Chief Executive Officer (Principal Executive Officer)	March 27, 2023 April 1, 2024
/s/ Harold J. Meloche Harold J. Meloche	Chief Financial Officer and Treasurer (Principal Accounting and Financial Officer)	March 27, 2023 April 1, 2024
/s/ Isolde O'Hanlon Isolde O'Hanlon	Director, Board Chair	April 1, 2024
/s/ Jeffrey Hakala Jeffrey Hakala	Director	March 27, 2023 April 1, 2024
/s/ Gerald W. Hakala Gerald W. Hakala	Director	March 27, 2023 April 1, 2024
/s/ Timothy Lamothe	Director	March 27, 2023 April 1, 2024

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Timothy Lamothe		
/s/ Richard J. Williams, Jr. Richard J. Williams, Jr.	Director	March 27, 2023 April 1, 2024
/s/ Joseph D. Sarafa Joseph D. Sarafa	Director	March 27, 2023 April 1, 2024
/s/ Isolde O'Hanlon J. Grant Smith Isolde O'Hanlon J. Grant Smith	Director	March 27, 2023 April 1, 2024
/s/ John Melstrom John Melstrom	Director	March 27, 2023 April 1, 2024
/s/ James G. Petcoff James G. Petcoff	Director	April 1, 2024

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Below is a summary description of the following securities of Conifer Holdings, Inc. ("Conifer", "the Company", "we", "our" and "us") registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended: (i) common stock, no par value (the "common stock"); and (ii) 9.75% senior notes due 2028 (the "2028 Notes").

The following discussion is a summary of the terms of our capital stock and does not purport to be complete and is qualified in its entirety by the provisions of our restated certificate of incorporation, as amended ("Articles of Incorporation") and amended and restated bylaws ("Bylaws"), copies of which are filed with the SEC as exhibits to our Annual Report on Form 10-K of which this Exhibit 4.1 is a part, and the applicable provisions of the Michigan Business Corporation Act ("MBCA").

Authorized Stock

Our authorized capital stock consists of 100,000,000 shares of common stock, no par value per share, and 10,000,000 shares of preferred stock.

Common Stock

Our Articles of Incorporation authorizes us to issue up to 100,000,000 shares of common stock.

Voting Rights

Each holder of our common stock is entitled to one vote per share on all matters submitted to a vote of the shareholders, including the election of directors. Our Articles of Incorporation and Bylaws do not provide for cumulative voting rights. As a result, the holders of a majority of the shares entitled to vote in any election of directors are able to elect all of the directors standing for election, if they should so choose.

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Dividend Rights

Subject to preferences that may be applicable to any then outstanding preferred stock, the holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by the board of directors out of legally available funds.

Rights Upon Liquidation

In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to shareholders after the payment of all of our debts and other liabilities, subject to the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred stock.

Other Rights and Preferences

Holders of our common stock have no preemptive, conversion or subscription rights, and there will be no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of our common stock will be subject to, and may be adversely affected by, the rights, preferences and privileges of any series of preferred stock that we may issue in the future.

Preferred Stock

Our Articles of Incorporation authorizes us to issue up to 10,000,000 shares of preferred stock. Our board of directors has the authority to issue preferred stock in one or more series and with such designations and such relative voting, dividend, liquidation and other rights, preferences and limitations thereof.

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Prior to issuance of shares of any series of preferred stock, our board of directors is required to adopt resolutions and file a certificate of designation with the Secretary of State of the State of Michigan. The certificate of designation fixes for each class or series the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Any shares of preferred stock will, when issued, be fully paid and non-assessable.

Series A Preferred Stock

Our board of directors designated 1,000 shares of preferred stock as Series A preferred stock, no par value (the “Series A Preferred Stock”) by filing the Certificate of Designation of Series A Preferred Stock (the “Certificate of Designation”) with the Secretary of State of the State of Michigan.

Maturity

The maturity date of the Series A Preferred Stock is June 30, 2026 (the “Maturity Date”).

Dividends

The dividend rate payable on the Series A Preferred Stock is equal to the prime rate of Waterford Bank, N.A. (“Waterford Bank”) on the date that is 30 days prior to the applicable Dividend Payment Date (as defined in the Certificate of Designation) plus 200 basis points, provided, however, that if the prime rate determined by Waterford Bank shall ever be less than 8.0% per annum, (the “Floor” as defined in the Certificate of Designation), then the prime rate shall be deemed to be the Floor.

Optional Redemption

The Company has the right at the end of any fiscal quarter on or after the initial issue date and up to and including the Maturity Date, to redeem, at its option, in whole or in part, the Series A Preferred Shares. Any such optional redemption shall be effected only out of funds legally available for such purpose. The Company may undertake multiple partial redemptions. Any redemption of the Series A Preferred Shares shall occur on a date set by the Company, subject to certain limitations, at an amount per share equal to the applicable Series A Redemption Price, as defined herein. The Series A Preferred Shares may be redeemed pro rata (unless otherwise agreed upon in writing by each holders of Series A Preferred Shares).

The Series A Preferred Shares may be redeemed at a price equal to (i) the Series A Issue Price, plus (ii) the amount that would result in a 20.0%, compounded annually, annualized return to the holder, on the portion of the holder’s shares of Series A Preferred Shares being redeemed, taking into

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account the payment of the Series A Issue Price and the dividends actually received by such holder on the Series A Preferred Shares, calculated at the time of such redemption; provided, that the redemption premium shall not be less than $75,000 (the “Series A Redemption Price”).

Liquidation

With respect to dividend rights and distribution rights upon the liquidation, winding-up or dissolution of the Company, the Series A Preferred Stock will rank senior to all of the common stock of the Company. In the event of any liquidation event, after the satisfaction in full of the debts of the Company and the payment of any liquidation preference owed to the holders of shares of capital stock of the Company ranking senior to the Series A Preferred Stock, pari passu with the holders of any parity securities by reason of their ownership thereof, but before any distribution or payment out of the assets of the Company shall be made to the holders of junior securities by reason of their ownership thereof, an amount in cash per share equal to (i) $6,000 per share (the “Series A Issue Price”), plus (ii) the amount that would result in a 20.0%, compounded annually, annualized return to the holder, on the portion of the holder’s shares of Series A Preferred Shares being redeemed, taking into account the payment of the Series A Issue Price and the dividends actually received by such holder on the Series A Preferred Shares, calculated at the time of such redemption; provided, that the redemption premium shall not be less than $75,000 (the “Series A Redemption Price”).

Conversion

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The outstanding Series A Preferred Shares shall only be convertible for shares of the Common Stock at the Maturity Date. On the Maturity Date, each outstanding share of the Series A Preferred Shares, that has not otherwise been redeemed, shall automatically be converted into 4,000 shares of Common Stock (equal to the purchase price of $6,000 per each share of Series A Preferred Stock, divided by 1.50), subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the Initial Issue Date (the “Automatic Conversion”). Upon the Automatic Conversion, the holder shall be deemed to be the holder of record of the Common Stock issuable upon such conversion.

Voting Rights

The Series A Preferred Stock has no voting rights for directors or otherwise, except as required by law or as contemplated in the Certificate of Designation with respect to protective provisions.

2028 Notes

The following is a summary of the material terms and provisions of the 2028 Notes. The statements below describing the 2028 Notes are in all respects subject to and qualified in their entirety by reference to the applicable provisions of the indenture, dated as of September 24, 2018 (the “Base Indenture”) as amended and supplemented by a supplemental indenture (as supplemented, the “2028 Indenture”), entered into between Conifer and Wilmington Trust, National Association, as trustee (the “2028 Notes Trustee”). A copy of the Base Indenture is included as Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on September 24, 2018. Copies of the 2028 Indenture and the form of 2028 Notes are included as Exhibit 4.2 and Exhibit 4.3, respectively, to our Current Report on Form 8-K filed with the SEC on August 8, 2023. You should read these documents in their entirety. In addition, the following summary is subject to, and is qualified in its entirety by reference to, the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”), and to all of those terms made a part of the 2028 Note indenture by reference to the Trust Indenture Act.

General

The 2028 Notes are general unsecured senior obligations of Conifer, and will mature on September 30, 2028 (referred to herein as the “note maturity date”), unless redeemed earlier. The 2028 Notes are issued only in fully registered book-entry form without coupons and in minimum denominations of $25 and integral multiples of $25 in excess thereof or in units, each representing $25. We may, without the consent of any of the holders of the 2028 Notes, create and issue additional senior unsecured debt securities so that those additional senior unsecured debt securities would form a single series with the 2028 Notes (referred to herein as “same-series debt securities”) or that would form a new series of senior unsecured debt securities. Such same-series debt securities would have the same terms as the 2028 Notes in all respects, except for the issue date, the issue price and the initial

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interest payment date. The 2028 Notes and any same-series debt securities would rank equally and ratably and would be treated as a single series of senior unsecured debt securities for all purposes under the 2028 Indenture.

The 2028 Notes bear interest at the rate of 9.75% per year, accruing from August 1, 2023. Interest on the 2028 Notes will be payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year (each referred to herein as an “interest payment date”), commencing September 30, 2023, to the persons in whose names the 2028 Notes are registered at the close of business on the preceding March 15, June 15, September 15, and December 15, respectively.

The registered holder of a 2028 Note will be treated as the owner of the 2028 Note for all purposes. Only registered holders have rights under the 2028 Indenture. Payment of the principal of, and interest on, the 2028 Notes represented by a global note registered in the name of or held by The Depository Trust Company (“DTC”) or its nominee will be made in immediately available funds to DTC or its nominee, as the case may be, as the registered owner and holder of such global note.

The 2028 Indenture contains no covenants or restrictions restricting the incurrence of debt by the Company or its subsidiaries except to the extent describe under the heading “- *Certain Covenants*” below. The 2028 Indenture contains no financial covenants and does not restrict Conifer from paying dividends or issuing or repurchasing other securities, and does not contain any provision that would provide protection to the holders of the 2028 Notes against a sudden

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and dramatic decline in credit quality resulting from a merger, takeover, recapitalization or similar restructuring or any other event involving the Company or its subsidiaries that may adversely affect our credit quality, except to the extent described under the headings “-*Merger, Consolidation, Sale, Lease or Conveyance*” and “- *Certain Covenants*” below.

The 2028 Notes are not subject to, or entitled to the benefits of, a sinking fund or repurchase by Conifer at the option of the holders. In addition, the 2028 Notes are not convertible into, or exchangeable for, any other securities.

Optional Redemption

Beginning on September 30, 2025 and prior to the note maturity date, we may, at our option, redeem the 2028 Notes in whole at any time or in part from time to time, on not less than 30 days and not more than 60 days prior notice delivered to the holders of the 2028 Notes. The 2028 Notes are redeemable at a redemption price equal to 100% of the principal amount of the 2028 Notes to be redeemed plus accrued and unpaid interest to, but not including, the date of redemption.

On and after any redemption date, interest will cease to accrue on the 2028 Notes called for redemption.

Selection and Notice

If less than all of the 2028 Notes are to be redeemed at any time, the 2028 Notes will be redeemed according to DTC’s applicable procedures or, in the case of definitive notes, by lot, pro rata or by such other method as the 2028 Notes Trustee will deem fair and appropriate. 2028 Notes and portions of 2028 Notes selected shall be in minimum amounts of $25 or whole multiples of $25 in excess thereof or in units, each representing $25, except that, if all of the 2028 Notes of a holder are to be redeemed, the entire outstanding amount of 2028 Notes held by such holder, shall be redeemed.

Notice of redemption will be given to each holder of 2028 Notes to be redeemed at least 30 days and not more than 60 days before the applicable redemption date.

If any 2028 Note is to be redeemed in part only, the notice of redemption that relates to that 2028 Note will state the portion of the principal amount of that 2028 Note that is to be redeemed. A 2028 Note in principal amount equal to the unredeemed portion of the original 2028 Note will be issued in the name of the holder of any 2028 Note being redeemed in part upon surrender for cancellation of the original 2028 Note. The 2028 Notes called for redemption become due and payable on the date fixed for redemption.

Events of Default; Waiver

An “event of default,” when used in the 2028 Indenture, means any of the following:

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- default in the payment of any installment of interest on the 2028 Notes as and when due and payable, and continuance of such default for of 30 days;
- default in the payment of the principal on the 2028 Notes as and when due and payable either at maturity, upon redemption, by decla acceleration or otherwise;
- failure to duly observe or perform any of the covenants, warranties or agreements on the part of Conifer in respect of the 2028 Notes in Indenture (other than a covenant, warranty or agreement, a default in whose performance or whose breach is specifically dealt with in the of the 2028 Indenture governing events of default) and the continuance of such default or breach for a period of 90 days after the date written notice of such failure, specifying such failure and requiring the same to be remedied, shall have been given to Conifer by the 202 Trustee, by registered mail, or to Conifer and the 2028 Notes Trustee by the holders of at least 25% in aggregate principal amount of Notes;

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- if any event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be se evidenced, any indebtedness of Conifer, whether such indebtedness now exists or is hereafter created or incurred, happens and consists in the payment of more than $15 million in principal amount of such indebtedness at the maturity thereof, after giving effect to any applicab period, or results in such indebtedness in principal amount in excess of $15 million becoming or being declared due and payable prior to on which it would otherwise become due and payable, and such default is not cured or such acceleration is not rescinded or annulled period of 30 days after the date on which written notice of such failure, specifying such failure and requiring the same to be remedied, sh been given to Conifer by the 2028 Notes Trustee, by registered mail, or to Conifer and the 2028 Notes Trustee by the holders of at leas aggregate principal amount of the 2028 Notes;
- the failure by Conifer within 60 days to pay, bond or otherwise discharge any uninsured judgment or court order for the payment of excess of $15 million, which is not stayed on appeal or is not otherwise being appropriately contested in good faith;
- a decree or order by a court having jurisdiction in the premises shall have been entered adjudging Conifer bankrupt or insolvent, or appr properly filed a petition seeking reorganization of Conifer under the Federal bankruptcy laws or any other similar applicable Federal or s and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or a decree or order of a cour jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee or other similar official in bankruptcy or ins of Conifer or of all or substantially all of its property, or for the winding up or liquidation of its affairs, shall have been entered, and such d order shall have continued undischarged and unstayed for a period of 60 days; or
- Conifer shall institute proceedings to be adjudicated voluntarily bankrupt, or shall consent to the filing of a bankruptcy proceeding against it file a petition or answer or consent seeking an arrangement or a reorganization under the Federal bankruptcy laws or any other similar ap Federal or state law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or tr assignee or other similar official in bankruptcy or insolvency of it or of all or substantially all of its property, or shall make an assignmen benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

If an event of default occurs and continues, the 2028 Notes Trustee by notice to Conifer, or the holders of at least 25% in aggregate principal amount of the outstanding 2028 Notes by notice to Conifer (with a copy to the 2028 Notes Trustee), may declare the entire principal of and all accrued but unpaid interest on all the 2028 Notes to be due and payable immediately. Subject to certain conditions, but before a judgment or decree for payment of the money due has been obtained, such declaration and its consequences may be rescinded and annulled by the holders of a majority in principal amount of the outstanding 2028 Notes. The 2028 Indenture also provides that the holders of a majority in principal amount of the 2028 Notes may waive any existing default with respect to the 2028 Notes and its consequences, except a default in the payment of the principal of and interest on the 2028 Notes.

The holders of a majority in principal amount of the 2028 Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the 2028 Notes Trustee or exercising any trust or power conferred on the 2028 Notes Trustee. However, the 2028 Notes Trustee may decline to follow any such direction if the 2028 Notes Trustee determines upon advice of counsel that the action or proceeding so directed may not lawfully be taken or if the 2028 Notes Trustee in good faith determines that the action or proceeding so directed would involve the 2028 Notes Trustee in personal liability or if the 2028 Notes Trustee in good faith determines that the actions or forbearances specified in or pursuant to such direction would be unduly prejudicial to the interests of holders of the 2028 Notes not joining in the giving of such directions. In addition, the 2028 Notes Trustee may take any other action deemed proper by the 2028 Notes Trustee not inconsistent with such direction received from the holders of the 2028 Notes. The

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2028 Notes Trustee shall not be obligated to take any action at the direction of holders unless such holders have offered (and if requested, provided) to the 2028 Notes Trustee security or indemnity satisfactory to the 2028 Notes Trustee.

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In case an event of default occurs and is continuing, the 2028 Notes Trustee will be under no obligation to exercise any of the rights or powers under the 2028 Indenture at the request or direction of any holders of 2028 Notes unless such holders have offered (and if requested, provided) to the 2028 Notes Trustee security indemnification satisfactory to the 2028 Notes Trustee in its sole and absolute discretion. Except to enforce the right to receive payment of principal, premium, if any, or interest, when due, no holder of a 2028 Note may pursue any remedy with respect to the 2028 Indenture or such 2028 Note unless:

- such holder has previously given the 2028 Notes Trustee written notice of the occurrence of an event of default and the continuance thereo
- holders of not less than 25% in aggregate principal amount of the outstanding 2028 Notes have made a written request to the 2028 Notes to pursue the remedy;
- such holders provide to the 2028 Notes Trustee such indemnity as the 2028 Notes Trustee may require against any loss, liability or expens
- the 2028 Notes Trustee has not complied with such request within 60 days after receipt of the request and the provision of security or i reasonably acceptable to the 2028 Notes Trustee; and
- the holders of a majority in aggregate principal amount of the outstanding 2028 Notes do not give the 2028 Notes Trustee a direction inc with the request within such 60-day period.

Except in the case of a default or event of default in payment of principal of and interest on any 2028 Note, the 2028 Notes Trustee will be protected in withholding notice of a default or event of default if and so long as the 2028 Notes Trustee in good faith determines that withholding the notice is in the interests of the holders of the 2028 Notes. Conifer is required to deliver to the 2028 Notes Trustee annually a statement from its applicable officers regarding whether or not they have knowledge of any default or event of default. For purposes of this paragraph, “default” means any event which is, or after notice or lapse of time or both would become, an event of default under the 2028 Indenture with respect to the 2028 Notes.

Ranking

The 2028 Notes are senior unsecured indebtedness of Conifer Holdings, Inc. only and will not be obligations of or guaranteed by any of its subsidiaries. As such, the 2028 Notes:

- rank senior in right of payment to any of Conifer existing and future indebtedness and other obligations that are, by their terms, e subordinated or junior in right of payment to the 2028 Notes;
- rank equally in right of payment to all of Conifer existing and future unsecured indebtedness and other obligations that are not, by the expressly subordinated or junior in right of payment to the 2028 Notes;
- be effectively subordinated to all of Conifer existing and future secured indebtedness and other obligations to the extent of the valu collateral securing such secured indebtedness and other obligations; and
- be structurally subordinated to the indebtedness and other obligations of all of Conifer subsidiaries.

Merger, Consolidation, Sale, Lease or Conveyance

The terms of the 2028 Indenture and the 2028 Notes do not prevent any consolidation or merger of Conifer with or into any other person, or successive consolidations or mergers in which Conifer or its successor or successors is a party or parties, or prevent any sale, conveyance or lease of all or substantially all of the property of Conifer to any other person authorized to acquire and operate the same. However, the terms of the 2028 Indenture and the 2028 Notes require that any such consolidation, merger, sale, conveyance or lease be upon the condition that:

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- immediately after such consolidation, merger, sale, conveyance or lease, the person formed by or surviving any such consolidation or merg which such sale, conveyance or lease is made, is not in default in the performance or observance of any of the terms, covenants and cond the 2028 Indenture to be kept or performed by Conifer; and
- the due and punctual payment of the principal of and premium, if any, and interest on the 2028 Notes, and the due and punctual performa observance of all of the covenants and conditions of the 2028 Indenture to be performed or observed by Conifer, are expressly assume person (if other than Conifer) formed by such consolidation, or into which Conifer is merged, or by the person which shall have acquired c such property.

Upon any such consolidation or merger, sale, lease or conveyance, the successor corporation formed, or into which Conifer is merged or to which such sale, conveyance or transfer is made, shall succeed to, and be substituted for, Conifer under the 2028 Indenture with the same effect as if it had been an original party to the 2028 Indenture. As a result, Conifer will be released from all its liabilities and obligations under the 2028 Indenture and under the 2028 Notes.

Although there is a limited body of case law interpreting the phrase “substantially all” and similar phrases, there is no precisely established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “substantially all” the property or assets of a person.

Certain Covenants

Subject to certain exceptions, the 2028 Indenture:

- prohibits Conifer from, directly or indirectly, selling, assigning, pledging, transferring or otherwise disposing, and Conifer cannot permit a subsidiaries to, directly or indirectly, sell, pledge, assign, transfer or otherwise dispose of, shares of voting capital stock, or securities co into voting capital stock, or options, warrants or rights to subscribe for or purchase capital stock of a Material Subsidiary (as defined below)
- prohibits Conifer from permitting a Material Subsidiary to issue, sell or otherwise dispose of any shares of its voting capital stock or s convertible into its voting capital stock or options, warrants or rights to subscribe for or purchase its voting capital stock, unless Conifer directly or indirectly, at least 90% of the issued and outstanding voting stock of the Material Subsidiary after giving effect to that transac covenant described in the preceding sentence does not apply to any transaction of the type described above under “- Merger, Consolidati Lease or Conveyance.”

Furthermore, under the 2028 Indenture, Conifer may not permit a Material Subsidiary to:

- merge or consolidate with or into any corporation or other person, unless such Material Subsidiary is the surviving corporation or person, c Conifer will own, directly or indirectly, at least 90% of the surviving corporation’s issued and outstanding voting stock;
- lease, sell, assign or transfer all or substantially all of its properties and assets to any corporation or other person (other than us), unless will own, directly or indirectly, at least 90% of the issued and outstanding voting stock of that corporation or other person; or
- pay any dividend in a Material Subsidiary’s voting capital stock or make any other distribution in its voting capital stock, other than to Coni other subsidiaries, unless the Material Subsidiary to which the transaction relates, after obtaining any necessary regulatory ap unconditionally guarantees payment of the principal and any premium and interest on the 2028 Notes.

A Material Subsidiary means a direct or indirect subsidiary of Conifer that is an insurance company with statutory surplus of at least $10 million for the most recently completed fiscal quarter.

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However, Conifer may agree to any such merger or consolidation or sale, lease, assignment, pledge or transfer of securities, properties or assets if: (i) required by law and such lease, sale, assignment or transfer of securities is made to any person for the purpose of the qualification of such person to serve as a director; (ii) such lease, sale, assignment or transfer of securities is made by Conifer or any of its subsidiaries acting in a fiduciary capacity for any person other than Conifer or any of its subsidiaries; (iii) made in connection with the consolidation of Conifer with or the sale, lease or conveyance of all or substantially all of the assets of Conifer to, or merger of Conifer with or into, any other person (as to which the covenant described above under the

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heading “- Merger, Consolidation, Sale, Lease or Conveyance” shall apply); or (iv) it is required as a condition imposed by any law or any rule, regulation or order of any governmental agency or authority to the acquisition by Conifer of another entity; provided that in the case of (iv) only, after giving effect to such acquisition, (y) at least 90% of the issued and outstanding voting stock of such entity will be owned, directly or indirectly, by Conifer and (z) Conifer’s consolidated assets will be at least equal to 70% of its consolidated assets prior to the acquisition. These covenants will not prohibit Conifer or a Material Subsidiary from pledging any assets to secure borrowings incurred in the ordinary course of business.

Furthermore, for so long as the 2028 Notes are outstanding, Conifer may not under the 2028 Indenture, nor may it permit any of its subsidiaries to, incur debt for borrowed money, commitments for the extension of debt for borrowed money or other obligations in excess of the greater of (i) $10 million and (ii) 10% of shareholders’ equity as reported in the most recent consolidated financial statements filed with the Securities and Exchange Commission, in each case in the aggregate, which is secured by any shares of voting stock of a Material Subsidiary (or securities convertible into, or options, warrants or rights to subscribe for or purchase shares of that voting stock) without making effective provision for securing the 2028 Notes equally and ratably with that secured debt. However, this covenant will not apply (A) to any of the indebtedness described in the section “Description of Other Indebtedness”; or (B) to the extent that Conifer continues to own, directly or indirectly, at least 90% of the issued and outstanding voting stock of each Material Subsidiary (treating that encumbrance as a transfer of those shares to the secured party). The foregoing restriction does not apply to any:

- pledge, encumbrance or lien to secure Conifer’s indebtedness or the indebtedness of a subsidiary as part of the purchase price of such s voting stock, or incurred prior to, at the time of or within 120 days after acquisition thereof for the purpose of financing all or any pa purchase price thereof;
- lien for taxes, assessments or other government charges or levies (i) which are not yet due or payable without penalty, (ii) which C contesting in good faith by appropriate proceedings so long as Conifer has set aside on its books such reserves as shall be required in thereof in conformity with generally accepted accounting principles or (iii) which secure obligations of less than $500,000 in amount; or
- lien of any judgment, if that judgment (i) is discharged, or stayed on appeal or otherwise, within 90 days, (ii) is currently being contested faith by appropriate proceedings so long as Conifer has set aside on its books such reserves as shall be required in respect thereof in co with generally accepted accounting principles or (iii) involves claims of less than $500,000.
- The holders of not less than a majority in aggregate principal amount of the 2028 Notes may waive compliance in a particular instance by with any provision of the 2028 Indenture or the 2028 Notes, including the foregoing covenants, except as otherwise stated below Modification of the 2028 Indenture.”

Satisfaction and Discharge

The 2028 Indenture will be discharged and will cease to be of further effect as to all 2028 Notes (except for certain surviving rights of the 2028 Notes Trustee and Conifer’s obligations with respect thereto), when:

(1) either: (a) all 2028 Notes that have been authenticated and delivered, except lost, stolen or destroyed 2028 Notes that have been replaced or paid and 2028 Notes for which payment has been deposited in trust or segregated and held in trust by Conifer and thereafter repaid to Conifer, have been delivered to the 2028 Notes Trustee for cancellation; or (b) all Notes that have not been delivered to the 2028 Notes Trustee for

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cancellation (i) have become due and payable at their stated maturity, (ii) shall become due and payable within one year or (iii) if redeemable at Conifer’s option, are to be called for redemption within one year under arrangements satisfactory to the 2028 Notes Trustee for the giving of notice of redemption by the 2028 Notes Trustee in the name, and at the expense, of Conifer and Conifer has irrevocably deposited with the 2028 Notes Trustee or the paying agent, in trust, for the benefit of the holders of the 2028 Notes, cash in United States dollars and/or non-callable government securities in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay and discharge the entire indebtedness on the 2028 Notes not delivered to the 2028 Notes Trustee for cancellation for principal, premium, if any, and accrued but unpaid interest, to the date of maturity or redemption, as the case may be;

(2) Conifer has paid all sums payable by it under the 2028 Indenture with respect to the 2028 Notes;

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(3) Conifer has delivered irrevocable instructions to the 2028 Notes Trustee to apply the deposited money toward the payment of the 2028 Notes at maturity or on the redemption date, as the case may be; and

(4) Conifer has delivered to the 2028 Notes Trustee an officers' certificate and an opinion of counsel stating that the conditions precedent to the satisfaction and discharge of the 2028 Notes have been satisfied. Conifer will be deemed to have paid and will be discharged from any and all obligations in respect of the 2028 Notes on the 91st day after it has made the deposit referred to below, and the provisions of the 2028 Indenture will cease to be applicable with respect to the 2028 Notes (except for, among other matters, certain obligations to register the transfer of or exchange of the 2028 Notes, to replace stolen, lost or mutilated 2028 Notes, to maintain paying agencies and to hold funds for payment in trust) if:

(1) Conifer has irrevocably deposited with the 2028 Notes Trustee, in trust, cash in United States dollars and/or non-callable government securities that will provide funds in amount sufficient, without reinvestment, in the opinion of a nationally recognized public accounting firm, to pay the principal of, premium, if any, and accrued interest on the 2028 Notes at the time such payments are due or on the applicable redemption date in accordance with the terms of the 2028 Indenture;

(2) Conifer has delivered to the 2028 Notes Trustee: (i) an opinion of counsel to the effect that beneficial owners of the 2028 Notes will not recognize income, gain or loss for federal income tax purposes as a result of the defeasance and will be subject to federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such defeasance had not occurred, which opinion of counsel must be based upon a ruling of the Internal Revenue Service to the same effect or a change in applicable federal income tax law or related treasury regulations after the date of the 2028 Indenture; and (ii) an opinion of counsel to the effect that the defeasance trust does not constitute an "investment company" within the meaning of the Investment Company Act of 1940 and, after the passage of 91 days following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(3) no default (as defined above) or event of default will have occurred and be continuing on the date of such deposit, or insofar as events of default due to certain events of bankruptcy, insolvency or reorganization in respect of Conifer are concerned, during the period ending on the 91st day after the date of such deposit;

(4) Conifer shall have delivered to the 2028 Notes Trustee an officers' certificate and an opinion of counsel, each stating that, subject to certain assumptions and exclusions, all conditions precedent provided for or relating to the defeasance have been complied with; and

(5) the 2028 Notes Trustee shall have received such other documents, assurances and opinions of counsel as the 2028 Notes Trustee shall have reasonably required.

Covenant Defeasance

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Conifer will not need to comply with certain restrictive covenants, and the provisions of the 2028 Indenture will cease to be applicable with respect to an event of default under the 2028 Notes other than an event of default due to its failure to pay the principal of or interest on the 2028 Notes when due, upon the satisfaction of the conditions described in clauses 1, 2, 3, 4 and 5 of the preceding paragraph.

If Conifer exercises its option to omit compliance with certain provisions of the 2028 Indenture as described in the immediately preceding paragraph and the 2028 Notes are declared due and payable because of the occurrence of an event of default that remains applicable, the amount of money and/or non-callable government securities on deposit with the 2028 Notes Trustee may not be sufficient to pay amounts due on the 2028 Notes at the time of acceleration resulting from such event of default. In such event, Conifer will remain liable for such payments.

Modification of the 2028 Indenture

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With the consent of the holders of greater than 50% in aggregate principal amount of the 2028 Notes then outstanding, waivers, modifications and alterations of the terms of the 2028 Indenture may be made which affect the rights of such holders of the 2028 Notes. However, no modification or alteration may, without the consent of all holders of the 2028 Notes then outstanding affected thereby:

- change the stated maturity of the principal of, or any premium or any installment of interest on, the 2028 Notes;
- reduce the principal amount of, or the rate, or modify the calculation of such rate, of interest on, or any premium payable upon the redem the 2028 Notes;
- change the redemption provisions of the 2028 Notes;
- change the place of payment or the coin or currency in which the principal of or any premium or interest on the 2028 Notes is payable;
- impair the right to institute suit for the enforcement of any payment on or after the stated maturity of the 2028 Notes or, in the case of red on or after the redemption date;
- modify any of the provisions of the indenture relating to the offices for notices and payments, filling vacancies in the 2028 Notes Trustee and paying agent provisions in a manner adverse to holders of the debt securities; or
- reduce the percentage of 2028 Notes, the holders of which are required to:
  - consent to any supplemental indenture;
  - rescind and annul a declaration that the 2028 Notes are due and payable as a result of the occurrence of an event of default;
  - waive any past event of default under the 2028 Indenture and its consequences; and
  - waive compliance with other specified provisions of the 2028 Indenture.

In addition, as described in "- Events of Default; Waiver" set forth above, holders of greater than 50% in aggregate principal amount of the 2028 Notes then outstanding may waive past events of default with respect to the 2028 Notes in specified circumstances and may direct the trustee in enforcement of remedies.

Conifer and the 2028 Notes Trustee may, without the consent of any holders, modify and supplement the 2028 Indenture:

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- to evidence the succession of another corporation to Conifer under the 2028 Indenture, or successive successions, and the assumption by the successor corporation of our covenants, agreements and obligations pursuant to the 2028 Indenture;
- to add to the covenants applicable to Conifer such further covenants, restrictions, conditions or provisions as our board of directors and the 2028 Notes Trustee shall consider to be for the protection of the holders of the 2028 Notes, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions, conditions or provisions a default or event of default with respect to such series permitting the enforcement of all or any of the several remedies provided in the 2028 Indenture; provided, however, that in respect of any such additional covenant, restriction or condition, such supplemental 2028 Indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the 2028 Notes Trustee upon such default;
- to cure any ambiguity or to correct or supplement any provision contained in the 2028 Indenture or in any supplemental 2028 Indenture which may be defective or inconsistent with any other provision contained in the 2028 Indenture or in any supplemental indenture or any description of such provision contained herein;
- to convey, transfer, assign, mortgage or pledge any property to or with the 2028 Notes Trustee;
- to make other provisions in regard to matters or questions arising under the 2028 Indenture as shall not adversely affect the interests of the holders and to make any change that would provide additional rights or benefits to the holders of the 2028 Notes or that does not adversely affect the legal rights under the 2028 Indenture of any such holder;
- to evidence and provide for the acceptance of appointment by another corporation as a successor trustee under the 2028 Indenture with respect to the 2028 Notes and to add to or change any of the provisions of the 2028 Indenture as shall be necessary to provide for or facilitate the administration of the trusts under the 2028 Indenture by more than one trustee;

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- to modify, amend or supplement the 2028 Indenture in such a manner as to permit the qualification of any supplemental indenture under the TIA as then in effect, except that nothing contained in the 2028 Indenture shall permit or authorize the inclusion in any supplemental indenture of the provisions referred to in Section 316(a)(2) of the TIA;
- to provide for the issuance under the 2028 Indenture of debt securities in coupon form (including debt securities registrable as to principal only) and to provide for exchangeability of such debt securities with debt securities of the same series issued hereunder in fully registered form and to make all appropriate changes for such purpose;
- to change or eliminate any of the provisions of the 2028 Indenture; provided, however, that any such change or elimination shall become effective only when there is no debt security outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision; and
- to establish any additional form of debt security and to provide for the issuance of any additional series of debt securities.

Outstanding Notes; Determinations of Holders' Actions

Notes outstanding at any time are the 2028 Notes authenticated by the 2028 Notes Trustee except for those cancelled by it, those mutilated, destroyed, lost or stolen that have been replaced by the 2028 Notes Trustee, those delivered to the 2028 Notes Trustee for cancellation and those described below as not outstanding. A 2028 Note does not cease to be outstanding because Conifer or an affiliate of Conifer holds the 2028 Note; provided, that in determining whether the holders of the requisite principal amount of 2028 Notes have given or concurred in any request, demand,

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authorization, direction, notice, consent, amendment or waiver, 2028 Notes owned by Conifer or an affiliate of Conifer will be disregarded and deemed not to be outstanding; provided further, that for purposes of determining whether the 2028 Notes Trustee shall be protected in relying on such request, demand, authorization, notice, consent, amendment or waiver, only 2028 Notes which a responsible officer of the 2028 Notes Trustee actually knows are so owned shall be disregarded. If the paying agent holds on a redemption date money or securities sufficient to pay 2028 Notes payable on that date, then immediately after such redemption date such 2028 Notes will cease to be outstanding.

The 2028 Notes Trustee may make reasonable rules for action by or a meeting of holders of the 2028 Notes. The registrar or paying agent may make reasonable rules and set reasonable requirements for its functions.

Limitation on Individual Liability

No director, officer, employee, incorporator or shareholder of Conifer, as such, will have any liability for any obligations of Conifer under the 2028 Notes or the 2028 Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of a 2028 Note, by accepting a 2028 Note waives and releases such liability. The waiver and release are part of the consideration for the issuance of the 2028 Notes. Such waiver may not be effective to waive liabilities under the federal securities laws.

2028 Notes Trustee

Wilmington Trust, National Association will act as trustee for the 2028 Notes under the 2028 Indenture, as permitted by the terms thereof. At all times, the 2028 Notes Trustee must be organized and doing business under the laws of the United States or any state thereof, and must comply with the applicable requirements under the TIA. The 2028 Notes Trustee may resign at any time by giving Conifer written notice and may be removed as 2028 Notes Trustee with respect to the 2028 Notes:

- by notification in writing by the holders of a majority in aggregate principal amount of the outstanding 2028 Notes; or
- by Conifer if the 2028 Notes Trustee (i) fails to comply with the obligations imposed upon it under the TIA; (ii) is not organized and doing b under the laws of the United States or any state thereof; (iii) becomes incapable of acting as Trustee; or (iv) a court takes certain acti respect to such 2028 Notes Trustee relating to bankruptcy or insolvency.

If the 2028 Notes Trustee resigns or is removed, or if a vacancy exists in the office of the 2028 Notes Trustee for any reason, Conifer will promptly appoint a new trustee. A resignation or removal of the 2028 Notes Trustee will become effective only upon the successor 2028 Notes Trustee's acceptance of appointment in writing. The successor 2028 Notes Trustee will deliver a notice of its succession to holders of the 2028 Notes.

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If the 2028 Notes Trustee acquires any conflicting interest, as defined in the TIA, with respect to the 2028 Notes, within 90 days after the 2028 Notes Trustee has acquired a conflicting interest which has not been cured or waived, the 2028 Notes Trustee would generally be required by the TIA to eliminate that conflicting interest or resign as 2028 Notes Trustee with respect to the 2028 Notes issued under the 2028 Indenture. If the 2028 Notes Trustee resigns, Conifer is required to promptly appoint a successor trustee with respect to the 2028 Indenture and the 2028 Notes.

The 2028 Notes Trustee will be under no obligation to exercise any of the rights or powers vested in it by the 2028 Indenture at the request or direction of any of the holders pursuant to the 2028 Indenture, unless such holders shall have offered to the 2028 Notes Trustee security or indemnity satisfactory to the 2028 Notes Trustee against the costs, expenses, losses and liabilities which might be incurred by it in compliance with such request or direction.

The 2028 Notes Trustee and/or certain of its affiliates may provide banking, investment and other services to us. A trustee under the 2028 Indenture may act as trustee under any of our other indentures.

Notices

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Any notices required to be given to the holders of the 2028 Notes will be given to DTC, and DTC will communicate these notices to DTC participants in accordance with its standard procedures.

Governing Law

The 2028 Indenture and the 2028 Notes are governed by, and are construed in accordance with, the laws of the State of New York. The 2028 Indenture is subject to the provisions of the TIA that are required to be part of the 2028 Indenture and shall, to the extent applicable, be governed by such provisions.

Book-Entry, Delivery and Form of Notes

The 2028 Notes initially are represented by one or more permanent global certificates (which may be subdivided) in definitive fully registered form without interest coupons (referred to herein as “global notes”). The global notes were deposited with, or on behalf of, DTC and are registered in the name of DTC or its nominee. Investors may hold their beneficial interests in a global note directly through DTC or indirectly through organizations which are participants in the DTC system.

The global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global notes may not be exchanged for 2028 Notes in certificated form except in the limited circumstances described below under.” Transfer of beneficial interests in the global notes will be subject to the applicable rules and procedures of DTC and its direct and indirect participants, which may change from time to time.

Exchange of Book-Entry Notes for Certificated Notes

A global note is exchangeable for certificated Existing Notes in definitive, fully registered form without interest coupons if:

- DTC notifies Conifer that it is unwilling or unable to continue as depositary for the global notes and Conifer fails to appoint a successor de within 90 days of receipt of DTC’s notice, or DTC has ceased to be a clearing agency registered under the Exchange Act and Conife appoint a successor depositary within 90 days of becoming aware of this condition;
- at Conifer’s request, DTC notifies holders of the Existing Notes that they may utilize DTC’s procedures to cause the Existing Notes to be i certificated form, and such holders request such issuance; or
- an event of default, or any event which after notice or lapse of time or both would be an event of default, exists under the Existing Indentu request is made by DTC or one of its participants.

In addition, beneficial interests in a global note may be exchanged by or on behalf of DTC for certificated Existing Notes upon request by DTC, but only upon at least 20 days’ prior written notice given to the Existing Notes Trustee in accordance with DTC’s customary procedures. In all cases, certificated Existing Notes delivered in exchange for any global note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository in accordance with its customary procedures.

Anti-Takeover Provisions

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Chapter 7A of the MBCA

We are subject to the provisions of Chapter 7A of the MBCA. In general, subject to certain exceptions, the MBCA prohibits a Michigan corporation from engaging in a "business combination" with an "interested shareholder" for a period of five years following the date that such shareholder becomes an interested shareholder, unless (i) prior to such date, the board of directors approves the business combination or (ii) on or subsequent to such date, the business combination is approved by at least 90% of the votes of each class of the corporation's stock entitled to vote and by at least two-thirds of such voting stock not held by the interested shareholder or such shareholder's affiliates. The MBCA defines a "business combination" to include certain mergers, consolidations, dispositions of assets or shares

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and recapitalizations. An "interested shareholder" is defined by the MBCA to include a beneficial owner, directly or indirectly, of 10% or more of the voting power of the outstanding voting shares of the corporation.

Articles of Incorporation and Bylaws

Our Articles of Incorporation and Bylaws provides that the authorized number of directors will be specified by the board of directors, and vacancies and newly created directorships on the board of directors may, except as otherwise required by law or determined by the board of directors, only be filled by an affirmative vote of a majority of the board of directors and an 80% majority of all of the directors then in office, even though less than a quorum.

Under our Articles of Incorporation, we may create additional classes or series of preferred stock. Our board of directors is authorized, subject to limitations prescribed by Michigan law, to issue additional preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, to redeem such shares and to fix the designation, powers, preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions, in each case without further vote or action by our shareholders. Our board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our shareholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common shares. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our Company and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock.

Our Bylaws provide that all shareholder actions must be effected at a duly called meeting of shareholders and eliminate the right of shareholder to act by written consent without a meeting. Our Bylaws also provide that only our Chairman of the board of directors, President or the board of directors pursuant to a resolution adopted by a majority of directors may call a special meeting of shareholders.

Additionally, our Bylaws set forth advance notice procedures with regard to the nomination of candidates for election as directors or the proposal of other business to be presented at meetings of shareholders. These procedures provide that notice of such shareholder proposals must be timely and comply with various disclosure obligations. The advance notice requirements may have the effect of precluding the consideration of certain business at a meeting if the notice procedures are not properly followed.

The combination of these provisions will make it more difficult for our existing shareholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing shareholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to reduce our vulnerability to hostile takeovers and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from

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making tender offers for our shares and may have the effect of delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts. We believe that the benefits of these provisions, including increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure our company, outweigh the disadvantages of discouraging takeover proposals, because negotiation of takeover proposals could result in an improvement of their terms.

Choice of Forum

Our Bylaws proves that the courts of the State of Michigan located in Oakland County and the United States District Court for the Eastern District of Michigan will be the sole and exclusive forum for:

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- any derivative action or proceeding brought on our behalf,
- any action asserting a claim of breach of a fiduciary duty;
- any action asserting a claim arising pursuant to any provision of the MBCA, or
- any action asserting a claim otherwise governed by the internal affairs doctrine.

The provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act.

The enforceability of similar choice of forum provisions in other companies' certificates of incorporation and bylaws has been challenged in legal proceedings, and it is possible that, in connection with any action, a court could find the choice of forum provisions contained in our Articles of Incorporation to be inapplicable or unenforceable in such action.

Fully Paid and Nonassessable

All of our outstanding shares are duly authorized, validly issued, fully paid and nonassessable.

Transfer Agent

The transfer agent and the registrar for the Company is Equiniti Trust Company LLC, 6201 15th Avenue, Brooklyn, New York 11219; Telephone: 800-937-5449.

Common Stock Listing

Our common stock is listed on The Nasdaq Capital Market under the symbol "CNFR."

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SECOND SUPPLEMENTAL INDENTURE

Dated as of August 8, 2023

between

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CONIFER HOLDINGS, INC.,
as Issuer,

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

to

Indenture

Dated as of September 24, 2018

9.75% Senior Unsecured Notes due 2028

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TABLE OF CONTENTS

		Page
ARTICLE I SENIOR NOTES		**3**
SECTION 1.01	***Definitions.***	**3**
SECTION 1.02	***Establishment*.**	**4**
SECTION 1.03	***Payment of Principal and Interest*.**	**5**
SECTION 1.04	***Denominations.***	**6**
SECTION 1.05	***Global Notes*.**	**6**
SECTION 1.06	***Transfer.***	**7**
SECTION 1.07	***Defeasance.***	**7**
SECTION 1.08	***Redemption at the Option of the Company*.**	**7**
SECTION 1.09	***No Sinking Fund or Repurchase at the Option of Holders***	**7**

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SECTION 1.10 ***No Conversion or Exchange Rights.*** **7**

SECTION 1.11 ***Material Subsidiaries*****.** **8**

ARTICLE II MISCELLANEOUS PROVISIONS **9**

SECTION 2.01 ***Senior Notes Unaffected by Other Supplemental Indentures*** **10**

SECTION 2.02 ***Trustee Not Responsible for Recitals*****.** **10**

SECTION 2.03 ***Ratification and Incorporation of Original Indenture*****.** **10**

SECTION 2.04 ***Governing Law; Jurisdiction; Waiver of Jury Trial*****.** **10**

SECTION 2.05 ***Separability.*** **10**

SECTION 2.06 ***Executed in Counterparts; Electronic Signatures*****.** **11**

SECTION 2.07 ***Benefits of this Second Supplemental Indenture*****.** **11**

SECTION 2.08 **Amendments to Original Indenture** **11**

SECTION 2.09 ***USA PATRIOT ACT*** **11**

SECTION 2.10 **Foreign Account tax Compliance Act (FACTA)** **12**

EXHIBIT A Form of 9.75% Senior Unsecured Note Due 2028 A-I

This **SECOND SUPPLEMENTAL INDENTURE**, dated as of August 8, 2023 (this "**SecondSupplemental Indenture**"), between Conifer Holdings, Inc., a Michigan corporation (the "**Company**"), and Wilmington Trust, National Association, as

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trustee (the "**Trustee**"), supplementing the Indenture, dated as of September 24, 2018 (the "**Original Indenture**"), between the Company and the Trustee.

RECITALS

WHEREAS, the Company executed and delivered the Original Indenture to the Trustee to provide for the future issuance of the Company's senior unsecured notes (the "**Notes**"), to be issued from time to time in one or more series as might be determined by the Company under the Original Indenture:

WHEREAS, pursuant to the terms of the Original Indenture, including Sections 3.01 and 11.02(j) thereof, and this Second Supplemental Indenture (together, the "**Indenture**"), the Company desires to provide for the establishment of a new series of Notes to be known as the 9.75% Senior Unsecured Notes due 2028 (the "**Senior Notes**"), the form and substance of such Senior Notes, and the terms, provisions and conditions thereof to be set forth herein as provided in the Indenture;

WHEREAS, the Company has requested that the Trustee, in respect to the Senior Notes, execute and deliver this Second Supplemental Indenture in such capacity; and

WHEREAS, all requirements necessary to make this Second Supplemental Indenture a valid, binding and legal instrument in accordance with its terms and to make the Senior Notes, when executed by the Company and authenticated and delivered by the Trustee, the valid obligations of the Company, have been done and performed, and the execution and delivery of this Second Supplemental Indenture has been duly authorized in all respects;

NOW THEREFORE, in consideration of the purchase and acceptance of the Senior Notes by the holders thereof, and for the purpose of setting forth, as provided in the Indenture, the form and substance of the Senior Notes, and the terms, provisions and conditions thereof, the parties hereto hereby agree as follows:

ARTICLE I

SENIOR NOTES

SECTION 1.01 ***Definitions***.

Unless the context otherwise requires or unless otherwise set forth herein:

(a) a term not defined herein that is defined in the Original Indenture has the same meaning when used in this Second Supplemental Indenture;

(b) the definition of any term in this Second Supplemental Indenture that is also defined in the Original Indenture shall for the purposes of this Second Supplemental Indenture supersede the definition of such term in the Original Indenture;

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(c) a term defined anywhere in this Second Supplemental Indenture has the same meaning throughout;

(d) the definition of a term in this Second Supplemental Indenture is not intended to have any effect on the meaning or definition of an identical term that is defined in the Original Indenture insofar as the use or effect of such term in the Original Indenture, as previously defined, with respect to any series of Notes issued prior to the date of this Second Supplemental Indenture, is concerned;

(e) the singular includes the plural and *vice versa;*

(f) headings are for convenience of reference only and do not affect interpretation; and

(g) the following terms have the meanings given to them in this Section 1.01(g):

"Applicable Tax Law" shall have the meaning specified in Section 2.10.

"**Final Stated Maturity**" means September 30, 2028.

"**Interest Payment Date**" means March 31, June 30, September 30 and December 31 of each year, commencing September 30, 2023.

"**Original Issue Date**" means August 8, 2023.

"**Redemption Date**" means the date fixed for the redemption of the Senior Notes by or pursuant to the Indenture.

"**Regular Record Date**" means, with respect to each Interest Payment Date, the close of business on the preceding March 15, June 15, September 15 and December 15, as the case may be (whether or not a Business Day).

SECTION 1.02 *Establishment*.

(a) There is hereby established a new series of Notes to be issued under the Indenture, to be designated as the Company's 9.75% Senior Unsecured Notes due 2028.

(b) There are to be authenticated and delivered the Senior Notes, initially limited in aggregate principal amount to $7,886,500 (315,460 units of $25 each), and no further Senior Notes shall be authenticated and delivered except as provided by Sections 2.04, 3.06, 3.07, 3.10 or 11.04 of the Original Indenture; *provided, however,* that the aggregate principal amount of the Senior Notes may be increased in the future with no limit, without the consent of the holders of the Senior Notes, on the same terms and with the same CUSIP and ISIN numbers as the Senior Notes (except that if any such additional Senior Notes are not fungible with the Senior Notes initially issued hereunder for U.S. federal income tax purposes or U.S. securities law purposes, such additional Senior Notes shall have a separate CUSIP number), except for the issue price, Original Issue Date and, if applicable, the first Interest Payment Date and the initial interest accrual

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date, *provided* that no Event of Default with respect to the Senior Notes shall have occurred and be continuing. The Senior Notes shall be issued in fully registered form.

(c) The Senior Notes shall be issued in the form of one or more Global Notes, registered in the name of the Depository (as defined below) or its nominee. Each Global Note and the Trustee's Certificate of Authentication thereof shall be in substantially the form set forth in Exhibit A hereto. The initial depository with respect to the Senior Notes shall be The Depository Trust Company, New York, New York (the "**Depository**").

Each Senior Note shall be executed by manual, facsimile or other electronic methods by one officer of the Issuer as specified in Section 3.04 of the Original Indenture and shall be dated the date of authentication thereof and shall bear interest from the Original Issue Date or from the most recent Interest Payment Date to which interest has been paid or duly provided for.

SECTION 1.03 *Payment of Principal and Interest*.

(a) The principal of the Senior Notes shall be due at Final Stated Maturity. The unpaid principal amount of the Senior Notes shall bear interest at the rate of 9.75% per year until paid or duly provided for. Interest shall be paid quarterly in arrears on each Interest Payment Date, commencing September 30, 2023, to the Person in whose name the Senior Notes are registered on the Regular Record Date for such Interest Payment Date, *provided* that interest payable at the Final Stated Maturity or upon redemption will be paid to the Person to whom principal is payable. Any such interest that is not so punctually paid or duly provided for will forthwith cease to be payable to the holders on such Regular Record Date and may be paid as provided in Section 3.08 of the Original Indenture.

(b) Payments of interest on the Senior Notes will include interest accrued from the most recent date to which interest has been paid (or the Original Issue Date if no interest has been paid) to but excluding the respective Interest Payment Dates. Interest payments for the Senior Notes shall be computed and paid on the basis of a 360-day year consisting of twelve 30-day months.

(c) In the event that any date on which any amount is payable on the Senior Notes is not a Business Day (including an Interest Payment Date, Final Stated Maturity and any Redemption Date), then such payment payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on the date the payment was originally payable.

(d) The Trustee is hereby designated as paying agent for the Senior Notes and all payments of the principal of, and premium, if any, and interest due on the Senior Notes with respect to such principal on the Final Stated Maturity or upon redemption will be made upon surrender of the Senior Notes at the Corporate Trust Office of the Trustee in the United States.

(e) The principal of, and premium, if any, and interest due on the Senior Notes shall be paid in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of interest (including interest on

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any Interest Payment Date) will be made, subject to such surrender where applicable and subject, in the case of a Global Note, to the applicable procedures of the Depository, at the option of the Company, (i) by check mailed to the address of the Person entitled thereto as such address shall appear in the Note Register, or (ii) by wire transfer at such place and to such account at a banking institution in the United States of America as may be designated in writing to the Trustee; provided, however, that with respect to all payments of principal and interest with respect to a Senior Note owned by a Person who owns at least $5,000,000 aggregate principal amount of Senior Notes, the Company shall provide at least 10 Business Days prior written notice of any payment by wire transfer to such Person;

SECTION 1.04 *Denominations.*

The Senior Notes may be issued in minimum denominations of $25, or any integral multiples of $25 in excess thereof or in units, each representing $25.

SECTION 1.05 *Global Notes*.

(a) Except under the limited circumstances described below, Senior Notes represented by Global Notes will not be exchangeable for, and will not otherwise be issuable as, Senior Notes in definitive form. The Global Notes described above may not be transferred except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or to a successor Depository or its nominee.

(b) Except as otherwise provided in this Second Supplemental Indenture, owners of beneficial interests in such Global Notes will not be considered the holders thereof for any purpose under the Indenture, and no Global Note representing a Senior Note shall be exchangeable, except for another Global Note of like denomination and to be registered in the name of the Depository or its nominee or to a successor Depository or its nominee. The rights of holders of such Global Notes shall be exercised only through the Depository.

(c) A Global Note shall be exchangeable in whole or, from time to time, in part for Senior Notes in definitive registered form only as provided in the Indenture. If (i) at any time the Depository notifies the Company that it is unwilling or unable to continue as Depository for the Senior Notes or if at any time the Depository shall no longer be registered or in good standing as a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, at such time as the Depository is required to be so registered and the Depository so notifies the Company and, in each case, the Company does not appoint a successor Depository within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, (ii) any Event of Default or Default has occurred and is continuing with respect to the Senior Notes or (iii) subject to the applicable procedures of the Depository, the Company in its sole discretion determines that the Senior Notes shall be exchangeable for Senior Notes in definitive registered form and executes and, in each case, delivers to the Note Registrar a written order of the Company providing that the Senior Notes shall be so exchangeable, the Senior Notes shall be exchangeable for Senior Notes in definitive registered form, *provided*that the definitive Senior Notes so issued in exchange for the Senior Notes shall be in minimum denominations of $25, or any integral multiples of $25 in excess thereof or in units, each unit representing $25, and be of like aggregate principal amount

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and tenor as the portion of the Senior Notes to be exchanged. Except as provided herein, owners of beneficial interests in the Senior Notes will not be entitled to have Senior Notes registered in their names, will not receive or be entitled to physical delivery of Senior Notes in definitive registered form and will not be considered the holders thereof for any purpose under the Indenture. None of the Company, the Trustee, any paying agent, the Note Registrar or any of their agents shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Senior Notes, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Any Global Note that is exchangeable pursuant to this Section 1.05(c) shall be exchangeable for Senior Notes registered in such names as the Depository shall direct.

SECTION 1.06 *Transfer*.

The Trustee is hereby designated as Note Registrar for the Senior Notes. The provisions of Section 3.06 of the Original Indenture will apply to the Senior Notes.

SECTION 1.07 *Defeasance*.

The provisions of Sections 13.01 and 13.02 of the Original Indenture will apply to the Senior Notes.

SECTION 1.08 *Redemption at the Option of the Company*.

(a) Subject to Article 4 of the Original Indenture, at any time and from time to time on September 30, 2025 or on any Interest Payment Date thereafter, the Senior Notes will be redeemable at the Company's option, in whole or in part, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest thereon to, but excluding, the Redemption Date.

(b) If less than all of the Senior Notes are to be redeemed, the Trustee shall select the Senior Notes or portions of the Senior Notes to be redeemed by such method as the Trustee shall deem fair and appropriate. The Trustee may select for redemption Senior Notes and portions of Senior Notes in minimum amounts of $25 and integral multiples of $25 in excess thereof and shall thereafter promptly notify the Company in writing of the number of Senior Notes to be redeemed, in whole or in part; *provided* that if the Senior Notes are represented by one or more Global Notes, interests in such Global Notes shall be selected for redemption by the Depository in accordance with its applicable procedures therefor.

SECTION 1.09 *No Sinking Fund or Repurchase at the Option of Holders*.

The Senior Notes shall not be entitled to any sinking fund. The Company will not be obligated to redeem or repurchase any Senior Notes at the option of the Holders.

SECTION 1.10 *No Conversion or Exchange Rights.*

The Senior Notes shall not be convertible into or exchangeable for any other securities or property of the Company or any Subsidiary of the Company.

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SECTION 1.11 *Material Subsidiaries*.

(a) Subject to Section 1.11(c), the Company shall not:

(i) directly or indirectly, sell, assign, pledge, transfer or otherwise dispose, and shall not permit any of its subsidiaries to, directly or indirectly, sell, pledge, assign, transfer or otherwise dispose of, shares of voting capital stock, or securities convertible into voting stock, or options, warrants or rights to subscribe for or purchase voting capital stock of a Material Subsidiary; or

(ii) permit a Material Subsidiary to issue, sell or otherwise dispose of any shares of its voting capital stock or securities convertible into its voting capital stock or options, warrants or rights to subscribe for or purchase its voting capital stock, unless the Company will own, directly or indirectly, at least 90% of the issued and outstanding voting stock of the Material Subsidiary after giving effect to such transaction; *provided* that this Section 1.11(a)(ii) shall not apply to a transaction subject to the provisions of Article 12 of the Original Indenture.

(b) Subject to Section 1.11(c) below, the Company shall not permit any Material Subsidiary to:

(i) merge or consolidate with or into any corporation or other Person, unless such Material Subsidiary is the surviving corporation or Person, or unless the Company will own, directly or indirectly, at least 90% of the surviving corporation's issued and outstanding voting stock;

(ii) lease, sell, assign or transfer all or substantially all of its properties and assets to any corporation or other Person (other than the Company), unless the Company will own, directly or indirectly, at least 90% of the issued and outstanding voting stock of that corporation or other Person; or

(iii) pay any dividend in a Material Subsidiary's voting capital stock or make any other distribution in its voting capital stock, other than to the Company or its other Subsidiaries, unless the Material Subsidiary to which the transaction relates, after obtaining any necessary regulatory approvals, unconditionally guarantees payment of the principal and any premium and interest of the Senior Notes.

(c) Notwithstanding Section 1.11(a) and (b), the Company may agree to any merger or consolidation or sale, lease, assignment, pledge or transfer of securities, properties or assets of or with respect to a Material Subsidiary if: (i) required by law and such lease, sale, assignment or transfer of securities is made to any Person for the purpose of the qualification of

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such Person to serve as a director; (ii) such lease, sale, assignment or transfer of securities is made by the Company or any of its Subsidiaries acting in a fiduciary capacity for any Person other than the Company or any of its Subsidiaries; (iii) made in connection with the consolidation of the Company with or the sale, lease or conveyance of all or substantially all of the assets of the Company to, or merger of the Company with or into, any other Person (which transaction will be subject to the provisions of Article 12 of the Original Indenture); or (iv) it is required as a condition imposed by any law or any rule, regulation or order of any governmental agency or authority to the acquisition by the Company of another entity; *provided* that in the case of (iv) only, after giving effect to such acquisition, (A) at least 90% of the issued and outstanding voting stock of such entity will be owned, directly or indirectly, by the Company and (B) the Company's consolidated assets will be at least equal to 70% of its consolidated assets prior to the acquisition; *provided* that the foregoing shall not prohibit the Company or a Material Subsidiary from pledging any assets to secure borrowings incurred in the ordinary course of business.

(d) The Company shall not, and it shall not permit any of its subsidiaries to, incur debt for borrowed money, commitments for the extension of debt for borrowed money or other obligations in excess of the greater of (i) $10,000,000 and (ii) 10% of shareholders' equity as reported in the most recent consolidated financial statements of the Company filed with the U.S. Securities and Exchange Commission, in each case in the aggregate, which is secured by any shares of voting stock of a Material Subsidiary (or securities convertible into, or options. warrants or rights to subscribe for or purchase shares of that voting stock) without making effective provision for securing the Senior Notes equally and ratably with that secured debt; *provided*, *however*, that this Section 1.11(d) shall not apply to the extent that the Company continues to own, directly or indirectly, at least 90% of the issued and outstanding voting stock of each Material Subsidiary (treating that encumbrance as a transfer of those shares to the secured party); *provided*, *further*, that this Section 1.11(d) shall not apply with respect to any (i) pledge, encumbrance or lien to secure the Company's indebtedness or the indebtedness of a Subsidiary as part of the purchase price of such shares of voting stock, or incurred prior to at the time of or within 120 days after acquisition thereof for the purpose of financing all or any part of the purchase price thereof; (ii) lien for taxes, assessments or other government charges or levies (A) which are not yet due or payable without penalty, (B) which the Company is contesting in good faith by appropriate proceedings so long as the Company has set aside on its books such reserves as shall be required in respect thereof in conformity with generally accepted accounting principles or (C) which secure obligations of less than $500,000 in amount; or (iii) lien of any judgment, if that judgment (X) is discharged or stayed on appeal or otherwise, within 90 days, (Y) is currently being contested in good faith by appropriate proceedings so long as the Company has set aside on its books such reserves as shall be required in respect thereof in conformity with generally accepted accounting principles or (Z) involves claims of less than $500,000.

ARTICLE II

MISCELLANEOUS PROVISIONS

SECTION 2.01 ***Effectiveness of Second Supplemental Indenture***.

This Second Supplemental Indenture will become effective upon its execution and delivery.

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SECTION 2.02 *Senior Notes Unaffected by Other Supplemental Indentures*.

To the extent the terms of the Original Indenture are amended by any other supplemental indentures, no such amendment shall relate or apply to the Senior Notes. To the extent the terms of the Original Indenture are amended as provided herein, no such amendment shall in any way affect the terms of any such other supplemental indenture or any other series of Notes. This Second Supplemental Indenture shall relate and apply solely to the Senior Notes.

SECTION 2.03 *Trustee Not Responsible for Recitals*.

The recitals herein contained are made by the Company and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this Second Supplemental Indenture or the Senior Notes.

SECTION 2.04 *Ratification and Incorporation of Original Indenture*.

As supplemented and amended hereby, the Original Indenture is in all respects ratified and confirmed, and the Original Indenture and this Second Supplemental Indenture shall be read, taken and construed as one and the same instrument.

SECTION 2.05 *Governing Law; Jurisdiction; Waiver of Jury Trial*.

This Second Supplemental Indenture and the Senior Notes shall for all purposes be construed in accordance with and governed by the laws of the State of New York (without regard to the conflicts of laws provisions thereof). The Company irrevocably consents and agrees, for the benefit of the Holders from time to time of the Senior Notes and the Trustee, that any legal action, suit or proceeding against it with respect to obligations, liabilities or any other matter arising out of or in connection with this Second Supplemental Indenture or the Senior Notes may be brought in the courts of the State of New York or the courts of the United States located in the Borough of Manhattan, New York City, New York and, until amounts due and to become due in respect of the Notes have been paid, hereby irrevocably consents and submits to the non-exclusive jurisdiction of each such court *in personam*, generally and unconditionally with respect to any action, suit or proceeding for itself in respect of its properties, assets and revenues, waives any objection to laying of venue in any such action or proceeding in such courts, and waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party

EACH OF THE COMPANY, THE TRUSTEE, AND THE HOLDERS HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS SECOND SUPPLEMENTAL INDENTURE, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 2.06 *Separability*.

In case any one or more of the provisions contained in this Second Supplemental Indenture or in the Senior Notes shall for any reason be held to be invalid, illegal or unenforceable in any

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respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Second Supplemental Indenture or of the Senior Notes, but this Second Supplemental Indenture and the Senior Notes shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

SECTION 2.07 ***Executed in Counterparts; Electronic Signatures***.

This Second Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original; and all of which taken together shall constitute one and the same agreement. The exchange of copies of this Indenture and of signature pages by facsimile or electronic format (e.g., ".pdf" or ".tif") transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the Original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or electronic format (e.g., ".pdf" or ".tif") shall be deemed to be their original signatures for all purposes. Unless otherwise provided herein or in any document to be signed in connection with this Second Supplemental Indenture, the Senior Notes or the Original Indenture, the words "execute," "execution," "signed," and "signature" and words of similar import used herein or in any document to be signed in connection with this Indenture, any other document or any of the transactions contemplated hereby (including amendments, waivers, consents and other modifications) shall be deemed to include electronic signatures and the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature in ink or the use of a paper based recordkeeping system, as applicable, to the fullest extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, and any other similar state laws based on the Uniform Electronic Transactions Act; provided that, notwithstanding anything herein to the contrary, the Trustee is not under any obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Trustee pursuant to procedures approved by the Trustee.

SECTION 2.08 ***Benefits of this Second Supplemental Indenture***.

Nothing in this Second Supplemental Indenture or in the Senior Notes, express or implied, shall give to any Person, other than the parties hereto, any Note Registrar and their successors under the Indenture, and the Persons in whose names the Notes are registered from time to time, any benefit or any legal or equitable right, remedy or claim under the Original Indenture or this Second Supplemental Indenture.

SECTION 2.09 ***Amendments to the Original Indenture.***

The Original Indenture is hereby amended as follows:

(a) Section 8.02(k) of the Original Indenture shall be amended and restated in its entirety as follows: "in no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;"; and

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(b) Section 8.02(m) of the Original Indenture shall be amended and restated in its entirety as follows: “in no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, any act or provision of any present or future law or regulation or governmental authority, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear catastrophes, earthquakes, fires, floods, or other natural catastrophes or acts of God, sabotage, pandemics or epidemics, riots, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, accidents, labor disputes, acts of civil or military authority or governmental actions, or the unavailability of the Federal Reserve Bank or telex or other wire or communication facility; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.”

(c) Section 8.02 of the Original Indenture shall be amended by deleting the word “and” at the end of clause (m) thereof, and adding the following clauses at the end of Section 8.02:

(i) “(o) the Trustee shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than this Indenture, whether or not an original or a copy of such agreement has been provided to the Trustee; and”

(ii) “(p) the Trustee shall have no duty to know or inquire as to the performance or nonperformance of any provision of any other agreement, instrument, or document other than this Indenture.

SECTION 2.10*USA PATRIOT ACT.*

The parties hereto acknowledge that in accordance with Section 326 of the USA PATRIOT Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Second Supplemental Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the USA PATRIOT Act.

SECTION 2.11 *Foreign Account Tax Compliance Act (FACTA).*

In order to comply with applicable tax laws, rules and regulations (inclusive of directives, guidelines and interpretations promulgated by competent authorities) in effect from time to time (“Applicable Tax Law”), the Company agrees (i) to use commercially reasonable efforts to provide to the Trustee, upon request, such information as it has in its possession about Holders and other applicable parties and/or transactions (including any modification to the terms of such transactions), so that the Trustee can determine whether it has tax-related obligations under Applicable Tax Law and (ii) that the Trustee shall be entitled to make any withholding or deduction

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from payments under this Indenture to the extent necessary to comply with Applicable Tax Law. The terms of this section shall survive the termination of this Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CONIFER HOLDINGS, INC.,
as Issuer
By: /s/ Brian J. Roney
Name: Brian J. Roney
Title: President
WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee
By: /s/ Michael H. Wass
Name: Michael H. Wass
Title: Vice President

[*Signature Page to Second Supplemental Indenture*]

EXHIBIT A

FORM OF 9.75% SENIOR UNSECURED NOTE DUE 2028

THIS SENIOR NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE ORIGINAL INDENTURE HEREINAFTER REFERRED TO. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY

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("DTC"), A NEW YORK CORPORATION, TO CONIFER HOLDINGS, INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

EXCEPT AS OTHERWISE PROVIDED IN SECTION 1.05 OF THE SECOND SUPPLEMENTAL INDENTURE, THIS SENIOR NOTE MAY BE TRANSFERRED IN WHOLE, BUT NOT IN PART, ONLY TO DTC, TO ANOTHER NOMINEE OF DTC OR TO A SUCCESSOR DEPOSITORY OR TO A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

No. **A-1**

CUSIP No.:20731J300

ISIN No.: US20731J3005

CONIFER HOLDINGS, INC.

Global Certificate initially representing
$7,886,500 aggregate principal amount of
9.75% Senior Unsecured Notes due 2028
Units: 315,460

Regular Record Date: With respect to each Interest Payment Date, the close of business on the preceding March 15, June 15, September 15 and December 15, as the case may be (whether or not a Business Day).

Original Issue Date: August 8, 2023

Final Stated Maturity: September 30, 2028

Interest Payment Dates: March 31, June 30, September 30 and December 31 of each year, commencing September 30, 2023

Interest Rate: 9.75% per year

Authorized Denomination: $25, or any integral multiples of $25 in excess thereof or in units, each representing $25.

This Global Certificate is in respect of a duly authorized issue of 9.75% Senior Unsecured Notes due 2028 (the "**Senior Notes**") of Conifer Holdings, Inc., a Michigan corporation (the "**Company**," which term includes any successor corporation under the Indenture referred to on the reverse hereof). The Company, for value received, hereby promises to pay to Cede & Co., or registered assigns, the amount of principal of the Senior Notes represented by this Global Certificate on the Final Stated Maturity shown above, and to pay interest thereon from the Original Issue Date shown above, or from the most recent Interest Payment Date to which interest has been paid or duly provided

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for, quarterly in arrears on each Interest Payment Date as specified above, commencing September 30, 2023, and on the Final Stated Maturity at the Interest Rate per year shown above until the principal hereof is paid or made available for payment and on any overdue principal and on any overdue installment of interest at such rate to the extent permitted by law. The interest so payable and punctually paid or duly provided for, on any Interest Payment Date (other than an Interest Payment Date that is the Final Stated Maturity or any Redemption Date) will, as provided in the Indenture, be paid to the Person in whose name this Senior Note is registered at the close of business on the Regular Record Date as specified above next preceding such Interest Payment Date, provided that any interest payable at Final Stated Maturity or on any Redemption Date will be paid to the Person to whom principal is payable. Any such interest that is not so punctually paid or duly provided for will forthwith

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cease to be payable to the holders on such Regular Record Date and may be paid as provided in Section 3.08 of the Original Indenture.

Payments of interest on this Senior Note will include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for this Senior Note shall be computed and paid on the basis of a 360-day year consisting of twelve 30-day months. In the event that any date on which interest is payable on this Senior Note is not a Business Day (including the Redemption Date), then payment of the interest payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on the date the payment was originally payable.

Payment of the principal of, and premium, if any, and interest due with respect to such principal on this Senior Note at the Final Stated Maturity or upon redemption will be made upon surrender of this Senior Note at the Corporate Trust Office of the Trustee in the United States. The principal of, and premium, if any, and interest due on this Senior Note shall be paid in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payment of interest (including interest on any Interest Payment Date) will be made, subject to such surrender where applicable and subject to the applicable procedures of the Depository, at the option of the Company, (i) by check mailed to the address of the Person entitled thereto as such address shall appear in the Note Register, or (ii) by wire transfer at such place and to such account at a banking institution in the United States of America as may be designated in writing to the Trustee at least 15 days prior to the date for payment by the Person entitled thereto.

The Senior Notes will be unsecured obligations of the Company and will rank equally in right of payment with all of the Company's existing and future unsecured and unsubordinated indebtedness. The Senior Notes will rank senior to any subordinated indebtedness of the Company.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SENIOR NOTE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Senior Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, the Company has caused this Senior Note to be duly signed, manually or by facsimile, by one of its duly authorized officers as of the date first written above.

CONIFER HOLDINGS, INC.

By:_____
Name: Brian J. Roney
Title: President

CERTIFICATE OF AUTHENTICATION

This is one of the Senior Notes referred to in the within mentioned Indenture.

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee
By:_____
Authorized Signatory

Dated:

REVERSE OF SENIOR NOTE

1. This Senior Note is one of a duly authorized issue of senior unsecured notes of the Company (the "**Notes**") issued and issuable in one or more series under an Indenture dated as of September 24, 2018 (the "**Original Indenture**"), as supplemented by the Second Supplemental Indenture, dated as of August 8, 2023 (the "**Second Supplemental Indenture**," and together with the Original Indenture, the "**Indenture**"), between the Company and Wilmington Trust, National Association, as trustee (the "**Trustee**," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the holders of the Senior Notes issued thereunder and of the terms upon which said Senior Notes are, and are to be, authenticated and delivered. This Senior Note is one of the series designated on the face hereof as the 9.75% Senior Unsecured Notes due 2028, initially limited in aggregate principal amount of $7,886,500 (315,460 units of $25 each); *provided*, however, that (subject to the provisions of the Second Supplemental Indenture) the aggregate principal amount of the Senior Notes may be increased in the future with no limit, without the consent of the holders of the Senior Notes, on the same terms and (except as otherwise provided in the Second Supplemental Indenture)

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with the same CUSIP and ISIN numbers as the Senior Notes, except for the issue price, Original Issue Date and, if applicable, the first Interest Payment Date and the initial interest accrual date, *provided* that no Event of Default with respect to the Senior Notes shall have occurred and be continuing. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Indenture.

2. This Senior Note is exchangeable in whole or, from time to time, in part for Senior Notes in definitive registered form only as provided herein and in the Indenture. If (i) at any time the Depository notifies the Company that it is unwilling or unable to continue as Depository for this Senior Note or if at any time the Depository shall no longer be registered or in good standing as a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, at such time as the Depository is required to be so registered and the Depository so notifies the Company and, in each case, the Company does not appoint a successor Depository within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, (ii) any Event of Default or Default has occurred and is continuing with respect to the Senior Notes or (iii) subject to the applicable procedures of the Depository, the Company in its sole discretion determines that this Senior Note shall be exchangeable for Senior Notes in definitive registered form and executes and delivers to the Note Registrar a written order of the Company providing that this Senior Note shall be so exchangeable, this Senior Note shall be exchangeable for Senior Notes in definitive registered form, *provided* that the definitive Senior Notes so issued in exchange for this Senior Note shall be in minimum denominations of $25, or any integral multiples of $25 in excess thereof or in units, each representing $25 and be of like aggregate principal amount and tenor as the portion of this Senior Note to be exchanged. Except as provided above or in the Second Supplemental Indenture, owners of beneficial interests in this Senior Note will not be entitled to have Senior Notes registered in their names, will not receive or be entitled to physical delivery of Senior Notes in definitive registered form and will not be considered the holders thereof for any purpose under the Indenture. None of the Company, the Trustee, any paying agent nor the Note Registrar shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in this Senior Note, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

3. If an Event of Default with respect to the Senior Notes shall occur and be continuing, the principal of the Senior Notes may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

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4. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the holders of the Notes under the Indenture at any time by the Company and the Trustee with the consent of the holders of greater than 50% in aggregate principal amount of the Notes at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the holders of specified percentages in principal amount of the Senior Notes at the time Outstanding, on behalf of the holders of all Senior Notes, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the holder of this Senior Note shall be conclusive and binding upon such holder and upon all future holders of this Senior Note and of any Senior Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Senior Note.

5. The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company pursuant to this Senior Note and (b) restrictive covenants and the related Events of Default, upon compliance by the Company with certain conditions set forth

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therein, which provisions apply to this Senior Note.

6. At any time and from time to time on September 30, 2025, or any Interest Payment Date thereafter, this Senior Note will be redeemable at the Company's option, in whole or in part, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest thereon to, but excluding, such Redemption Date.

7. If less than all of the Senior Notes are to be redeemed, the Trustee shall select the Senior Notes or portions of Senior Notes to be redeemed by lot, *pro rata* or by such other method as the Trustee shall deem fair and appropriate. The Trustee may select for redemption Senior Notes and portions of Senior Notes in amounts of $25 and integral multiples of $25 in excess thereof and shall thereafter promptly notify the Company in writing of the number of Senior Notes to be redeemed, in whole or in part; *provided* that if the Senior Notes are represented by one or more Global Notes, interests in such Global Notes shall be selected for redemption by the Depository in accordance with its applicable procedures therefor.

8. No reference herein to the Indenture and no provision of this Senior Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and premium, if any, and interest due on this Senior Note at the time, place and rate, and in the coin or currency, herein prescribed.

9. (a) As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Senior Note is registrable in the Note Register upon surrender of this Senior Note for registration of transfer at the office or agency of the Company for such purpose, duly endorsed by or accompanied by a written instrument of transfer in form satisfactory to the Company or the Note Registrar and duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Senior Notes, of authorized denominations and of like tenor and for the same aggregate principal amount, will be issued to the designated transferee or transferees. No service charge shall be made for any such exchange or registration of transfer, but the Company will require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

(b) Prior to due presentment of this Senior Note for registration of transfer, the Company, the Trustee, any paying agent and the Note Registrar of the Company or the Trustee may deem and treat the Person in whose name this Senior Note is registered as the absolute owner hereof for all purposes (subject to Section 1.03(a) of the Second Supplemental Indenture), whether or not this Senior Note be overdue and notwithstanding any notice of ownership or writing thereon made by anyone other than the Note Registrar, and neither the Company nor the Trustee nor any paying agent nor the Note Registrar shall be affected by

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notice to the contrary. Except as provided in Section 1.03(a) of the Second Supplemental Indenture, all payments of the principal of, and premium, if any, and interest due on this Senior Note made to or upon the order of the registered holder hereof shall, to the extent of the amount or amounts so paid, effectively satisfy and discharge liability for moneys payable on this Senior Note.

(c) The Senior Notes are issuable only in registered form without coupons in minimum denominations of $25, or any integral multiples of $25 in excess thereof or in units, each representing $25. As provided in the Indenture and subject to certain limitations therein set forth, Senior Notes are exchangeable for a like aggregate principal amount of Senior Notes of a different authorized denomination, as requested by the holder surrendering the same upon surrender of the Senior Note or Senior Notes to be exchanged at the office or agency of the Company.

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10. No recourse shall be had for payment of the principal of, or premium, if any, or interest on this Senior Note, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture, against any incorporator, stockholder, officer or director, past, present or future, as such, of the Company or of any predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issuance hereof, expressly waived and released.

11. This Senior Note shall be deemed to be a contract made under the internal laws of the State of New York, and for all purposes shall be construed in accordance with laws of said State. EACH OF THE COMPANY, THE TRUSTEE, AND THE HOLDER OF THIS SENIOR NOTE HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THE INDENTURE, THE SENIOR NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date:

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Tax Identification No.:

Signature Guarantee*:

*Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

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ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common

UNIF GIFT MIN ACT - Custodian under

Uniform Gift to Minors Act

_____

(State)

TEN ENT – as tenants by the entireties

JT TEN – as joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not on the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s) and transfer(s) unto

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS. INCLUDING POSTAL ZIP CODE OF ASSIGNEE

_____

_____

_____

(please insert Social Security or other identifying number of assignee)

_____

the within Senior Note and all rights thereunder, hereby irrevocably constituting and appointing

_____

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agent to transfer said Senior Note on the books of the Company, with full power of substitution in the premises.

Dated: _____ _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular without alteration or enlargement, or any change whatsoever.

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The initial principal amount of this Global Note is $7,886,500. The following increases or decreases in the principal amount of this Global Note have been made:

Date	Amount of decrease in principal amount of this Global Note	Amount of increase in principal amount of this Global Note	Principal amount of this Global Note following such decrease or increase	Signature of authorized signature of Trustee or Custodian

LEASE

THIS LEASE, made as of the 14th day of June, 2022, by and between the Landlord and Tenant hereinafter defined in **Sections 1(a)** and **1(c),** respectively.

W I T N E S S E T H:

1. Basic Lease Provisions.

The following sets forth basic data hereinafter referred to in this Lease and, where appropriate, constitute definitions of the terms hereinafter listed:

(a) Landlord: **Troy Place Equities II, LLC,** a Michigan Limited Liability Company, and **Nemer Troy Place Equities II, LLC,** a Michigan Limited Liability Company, as tenants in common (collectively, "Landlord").

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(b) Landlord's Address: 26877 Northwestern Highway, Suite 101, Southfield, Michigan 48033.

(c) Tenant: **Conifer Holdings, Inc., a Michigan corporation.**

(d) Tenant's Address: 550 West Merrill Street, Suite 200, Birmingham, Michigan 48009. After the Commencement Date, Tenant's Address will be the address of the Demised Premises.

(e) Building: That certain office building located at **3001 West Big Beaver Road**, in the City of Troy, County of Oakland and State of Michigan.

(f) Demised Premises: The premises known as **Suite 200** located on the **second floor** of the Building containing **8,742** square feet of rentable floor area as shown on the plan attached hereto as Exhibit "A".

(g) Commencement Date: See **Section 3.2** hereof.

(h) Expiration Date: The last day of the **eighty-seventh (87th)** complete calendar month following the Commencement Date.

(i) Basic Rental:

1. For the **Free Rent Period** (as hereinafter defined), Basic Rental shall be **$0.00** per month. The term "Free Rent Period" is hereby defined as follows: (i) if the Commencement Date is the first day of a calendar month, the Free Rent Period shall be the period beginning on the Commencement Date and ending on the last day of the **third (3rd)** complete calendar month following the Commencement Date, and (ii) if the Commencement Date is a day other than the first day of a calendar month, the Free Rent Period shall be the period beginning on the Commencement Date and ending on the day immediately preceding the day which corresponds numerically to the Commencement Date in the **third (3rd)** calendar month following the calendar month which contains the Commencement Date (provided

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that if there is no such numerically corresponding day in such **third (3rd)** calendar month, the Free Rent Period shall end on the last day of such **third (3rd)** calendar month).

2. For the period beginning on the first day immediately following the expiration of the **Free Rent Period** and ending on the last day of the **fifteenth (15th)** complete calendar month following the Commencement Date, Basic Rental shall be **$14,023.63** per month (computed on the basis of **$19.25** per rentable square foot per year for **8,742** rentable square feet).
3. For the period beginning on the first day of the **sixteenth (16th)** complete calendar month following the Commencement Date and ending on the last day of the **twenty-seventh (27th)** complete calendar month following the Commencement Date, Basic Rental shall be **$14,387.88** per month (computed on the basis of **$19.75** per rentable square foot per year for **8,742** rentable square feet).
4. For the period beginning on the first day of the **twenty-eighth (28th)** complete calendar month following the Commencement Date and ending on the last day of the **thirty-ninth (39th)** complete calendar month following the Commencement Date, Basic Rental shall be **$14,752.13** per month (computed on the basis of **$20.25** per rentable square foot per year for **8,742** rentable square feet).
5. For the period beginning on the first day of the **fortieth (40th)** complete calendar month following the Commencement Date and ending on the last day of the **fifty-first (51st)** complete calendar month following the Commencement Date, Basic Rental shall be **$15,116.38** per month (computed on the basis of **$20.75** per rentable square foot per year for **8,742** rentable square feet).
6. For the period beginning on the first day of the **fifty-second (52nd)** complete calendar month

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following the Commencement Date and ending on the last day of the **sixty-third (63rd)** complete calendar month following the Commencement Date, Basic Rental shall be **$15,480.63** per month (computed on the basis of **$21.25** per rentable square foot per year for **8,742** rentable square feet).

7. For the period beginning on the first day of the **sixty-fourth (64th)** complete calendar month following the Commencement Date and ending on the last day of the **seventy-fifth (75th)** complete calendar month following the Commencement Date, Basic Rental shall be **$15,844.88** per month (computed on the basis of **$21.75** per rentable square foot per year for **8,742** rentable square feet).

8. For the period beginning on the first day of the **seventy-sixth (76th)** complete calendar month following the Commencement Date and ending on the last day of the **eighty-seventh (87th)** complete calendar month following the Commencement Date, Basic Rental shall be **$16,209.13** per month (computed on the basis of **$22.25** per rentable square foot per year for **8,742** rentable square feet).

(j) Base Expenses: Expenses (as defined in **Section 14.1(a)** hereof) incurred for the **2022** calendar year.

(k) Reserved Parking: **Four (4) reserved parking spaces** in the Parking Garage at a rate of **$75.00** per month for each space. See **Article 30** hereof.

(l) Options to Renew: **Two (2) five (5)-year renewal options** (see **Article 31** hereof).

(m) Right of First Offer: See **Article 32** hereof.

(n) Security Deposit: **$16,209.13**.

(o) Business Day: means all days other than Saturdays, Sundays and legal holidays in the State of Michigan and those days on which banking institutions in such state are authorized by law to close for business.

2. Demised Premises.

2.1Landlord, in consideration of the rents to be paid and the covenants to be performed by Tenant, and upon and subject to the terms and provisions herein set forth, does hereby lease unto Tenant the Demised Premises described in **Section 1(f)** hereof together with the non-exclusive right and easement to use the exterior and interior common and public areas and facilities which may from time-to-time be furnished by Landlord, including parking areas and decks (other than the enclosed parking garage **except as provided in Article 30 hereof**), in common with Landlord and the tenants and occupants (their agents, employees, customers and invitees) of the Building and of adjacent buildings now or hereafter constructed such exterior and interior common areas and facilities to be hereinafter referred to as the "common areas").

2.2Landlord reserves the right (a) to designate certain parking areas for the exclusive use of designated tenants or for short term parking, (b) to make changes, alterations, additions, improvements, repairs or replacements in or to the Building (including the Demised Premises) and the fixtures and equipment thereof as well as the interior and exterior common areas, including the construction of additional buildings and parking decks; (c) to eliminate, substitute and/or rearrange the interior and exterior common areas as Landlord deems appropriate in its discretion, and (d) to erect, maintain and use pipes, ducts, conduits and wires in and through the Demised Premises in locations which will not materially interfere with Tenant's use thereof. Notwithstanding the foregoing, Landlord shall not exercise any right under the preceding sentence of this **Section 2.2** in such a manner so as to unreasonably interfere with **(i)** Tenant's use of the Demised Premises, **(ii)** Tenant's ingress to, and egress from, the Demised Premises, or **(iii)** Tenant’s access to the parking areas adjacent to the Building.

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2.3Tenant and its employees and invitees shall have access to the Demised Premises twenty-four (24) hours per day, seven (7) days per week, provided that **(i)** during non-business hours, access to the Building shall be limited to the east entrance (facing Coolidge Highway), and **(ii)** any person entering the Building will be required to sign in with the security guard and show photo identification.

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3. Term and Construction.

3.1Landlord shall perform the Tenant Improvement Work (as defined in **Exhibit "C"** attached hereto) in accordance with the terms and provisions of said **Exhibit "C"**. The term of this Lease shall commence on the Commencement Date (as hereinafter defined) and expire on the Expiration Date (as defined in **Section 1(h)** hereof). Following the determination of the Commencement Date, the parties shall execute a commencement certificate to memorialize the Commencement Date, the Expiration Date, the Basic Rental schedule, and any other relevant dates hereunder.

3.2The term "Commencement Date" shall mean the date which is the **later of** (i) the date on which Landlord has Substantially Completed (as hereinafter defined) the Tenant Improvement Work, and (ii) **September 1, 2022**. Notwithstanding the foregoing, in the event Tenant shall (a) take possession of the Demised Premises and (b) commence business operations therefrom, the Commencement Date shall be deemed to be the date Tenant so takes possession of the Demised Premises and commences business operations therefrom. Within **thirty (30) days** after the Commencement Date, Tenant shall submit a list of incomplete or defective items in the Tenant Improvement Work (the "Punch-List"). Landlord covenants and agrees to complete, at its sole cost and expense, all items on the Punch-List within **thirty (30) days** after the receipt of said Punch-List, using commercially reasonable efforts to minimize any interference with Tenant's use of the Demised Premises.

The term "Substantially Complete" shall mean (i) completion subject only to the completion of those items that do not materially interfere with Tenant's use of the Demised Premises, and (ii) receipt of all governmental approvals required for occupancy of the Demised Premises.

Landlord shall use commercially reasonable efforts to Substantially Complete the Tenant Improvement Work by September 1, 2022 (the "Target Commencement Date"). On or before **August 1, 2022**, Landlord shall notify Tenant in writing as to Landlord's projected date of Substantial Completion.

Notwithstanding anything to the contrary contained herein, in the event the Commencement Date has not occurred within **one hundred twenty (120) days** following the execution of this Lease by both parties and Tenant's approval of the construction drawings for the Tenant Improvement Work (such **120-day** period to be extended on a day-for-day basis by the period of any Tenant Delay (as hereinafter defined) or any event described in **Article 24** hereof), then the Free Rent Period shall be increased by **one (1) day for each day** following the expiration of such **120-day** period (as extended) until the Commencement Date occurs, and such additional free rent shall be Tenant's sole and exclusive remedy for such delay in the Commencement Date, **provided, however**, in the event that the Commencement Date has not occurred within **one hundred fifty (150) days** following the execution of this Lease by both parties and Tenant's approval of the construction drawings for the Tenant Improvement Work (such **150-day** period to be extended on a day-for-day basis by the period of any Tenant Delay or any event described in **Article 24** hereof), then then the Free Rent Period shall be increased by **two (2) days for each day** following the expiration of such **150-day** period (as extended) until the Commencement Date occurs, and such additional free rent shall be Tenant's sole and exclusive remedy for such delay in the Commencement Date

The term "Tenant Delay" shall mean any delay caused directly by Tenant or Tenant's contractors in the Substantial Completion of the Tenant Improvement Work, including (i) any delay caused by a change in the Tenant Improvement Work requested by Tenant from and after the date hereof (other than a change requested by Tenant to cure a violation of applicable law contained in

4

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the Tenant Improvement Plans), (ii) any delay caused as a result of interference by Tenant or Tenant's subcontractors with the construction of the Tenant Improvement Work and/or obtaining final inspections and approvals from the City of Troy, and/or (iii) any delay in obtaining final inspections or approvals from the City of Troy caused by the fact that work to be performed by Tenant or its subcontractors has not been completed. If Landlord desires to rely upon a Tenant Delay under this provision, Landlord must provide written notice of such Tenant Delay ("Landlord's Delay Notice") within **three (3) Business Days** following the date on which Landlord becomes aware of the occurrence of the events or circumstances on which Landlord's claim of a Tenant Delay is based, which notice shall include an explanation of how such events or circumstances will impact the Substantial Completion of the Tenant Improvement Work. In the event Landlord shall fail to provide Landlord's Delay Notice within such **three (3) Business Day** period, Landlord shall be deemed to have waived any claim of a Tenant Delay based upon such events or circumstances. Landlord agrees to inform Tenant of the number of days involved in a Tenant Delay as soon as reasonably possible after such information is available to Landlord. Landlord further agrees to use commercially reasonable efforts to mitigate the impact of the Tenant Delay on the project, provided that Landlord shall not be required to incur additional costs to mitigate such impact unless Tenant agrees to pay such additional costs.

3.3Tenant shall have the right to enter the Demised Premises at least **fifteen (15) days** prior to the Commencement Date for the purposes of installing voice/data cable, furniture, and telecommunications equipment, provided (i) such activities by Tenant shall not unreasonably interfere in any material respect with the completion of the Tenant Improvement Work and/or obtaining final inspections and approvals from the City of Troy, (ii) Landlord shall not be responsible or liable for any injury (including death) to persons or loss or damage to any of Tenant's improvements, fixtures or equipment or any other materials installed or left in the Demised Premises by Tenant or its contractors prior to the Commencement Date, and (iii) any such use of the Demised Premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions of this Lease except the payment of Basic Rental or any other charge for occupancy or use of the Demised Premises.

4. Basic Rental.

Tenant shall pay to Landlord as rent for the Demised Premises the Basic Rental set forth in **Section 1(i)** hereof. **The installment of Basic Rental payable with respect to the first complete calendar month following the Free Rent Period shall be payable upon the execution of this Lease.** Thereafter, Basic Rental shall be paid, in advance, upon the first day of each and every successive calendar month throughout the term of this Lease.

5. Use and Occupancy.

The Demised Premises shall be used and occupied for office use and purposes incidental thereto and for no other purposes without the written consent of Landlord. Tenant shall comply with all requirements of the National Fire Protection Association, and Tenant shall not use the Demised Premises in any manner which will in any way directly cause an increase in the existing rate of, or otherwise affect, any fire or other insurance upon the Demised Premises or the Building, or adversely affect or materially interfere with any services required to be furnished by Landlord to Tenant or to any other tenants or occupants of the Building. Tenant shall not use the Demised Premises for any purpose in violation of any law, municipal ordinance, or regulation, nor shall Tenant perform any acts or carry on any practices which injure or cause waste in or about the Demised Premises or the Building or be a legal nuisance to the other tenants of the Building. Tenant shall not use, store, or place in or upon the Demised Premises any toxic or hazardous substances or materials other than

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office supplies and cleaning fluids typically used in a business office in compliance with applicable law.

6. Utilities and Services.

6.1 Landlord will arrange for the furnishing of electricity to the Demised Premises. The usage of electricity in the Demised Premises will be separately metered, and Tenant shall pay for such electricity usage at the applicable General (Secondary) Service Rate of The Detroit Edison Company, such charge for electricity to be payable, as additional rent, in monthly installments payable within **thirty (30) days** following receipt of an invoice from Landlord.

6.2 Landlord shall furnish the Demised Premises with **(a)** heat, ventilation and air conditioning **from 7:00 AM to 7:00 PM on weekdays, from 8:00 AM to 5:00 PM on Saturdays**; provided that **(i)** Landlord shall not be required to provide heat, ventilation and air conditioning on New Year's Day, Memorial Day, July 4th, Labor Day, Thanksgiving and Christmas Day (collectively, "Legal Holidays"), **(ii)** Landlord shall not be required to provide heat, ventilation and air conditioning in violation of any applicable policies or regulations adopted by any utility or governmental agency, and **(iii)** Landlord shall not be required to install supplemental ventilation and air conditioning equipment to service the Demised Premises, **(b)** elevator service twenty-four hours a day, seven days a week, **(c)** domestic water in common with other tenants for drinking, lavatory and toilet purposes drawn through fixtures installed by Landlord in the common area restrooms and the Breakroom in the Demised Premises, and **(d)** janitorial services on weekday nights (excluding Legal Holidays) between the hours of 6:00 PM and 12:00 AM in accordance with **Exhibit "D"** attached hereto, provided, however, Landlord shall not be responsible for removal and disposal of trash in excess of that created as a result of normal office operations.

Landlord shall not be in default hereunder or be liable for any damages directly or indirectly resulting from, nor shall the rental herein reserved be abated or an actual or constructive eviction or partial eviction be deemed to have occurred by reason of any of the following (a "ServiceInterruption"): (1) the failure, interruption or malfunctioning of any electrical or mechanical equipment, utility or other service to the Building; (2) the installation, use or interruption of use, of any equipment in connection with the furnishing of any of the foregoing services as described in **Section 6.1** and the preceding paragraph of this **Section 6.2**, (3) the failure to furnish or delay in furnishing any such services when such failure or delay is caused by accident or any condition beyond the reasonable control of Landlord or by the making of necessary repairs or improvements to the Demised Premises or to the Building (provided that, to the extent commercially reasonable, Landlord will endeavor to perform such repairs or improvements in a manner which will minimize any interference with business operations in the Demised Premises), or (4) any limitation, curtailment, rationing or restriction on use of water, electricity, steam, gas or any other form of energy serving the Demised Premises or the Building. Landlord shall use commercially reasonable efforts diligently to remedy any interruption in the furnishing of such services.

Notwithstanding the preceding paragraph, in the event that Tenant is prevented from using, and does not use, the Demised Premises or any portion thereof, for more than **three (3) consecutive Business Days** as a result of a Service Interruption caused by the negligence or willful act of Landlord, its agents, contractors or employees, then Tenant's Basic Rental and additional rent shall be abated or reduced, as the case may be, after expiration of the 3-day period for such time that Tenant continues to be so prevented from using the Demised Premises or a portion thereof, in the proportion that the rentable area of the portion of the Demised Premises that Tenant is prevented from using, and does not use, bears to the total rentable area of the Demised Premises.

6

6.3 Tenant shall pay, as additional rent, the cost of providing (i) all heating, ventilating and air conditioning, including all related utility costs, to the Demised Premises in excess of that required to be provided by Landlord pursuant to **Section 6.2** hereof, provided Landlord shall have no obligation to provide heating, ventilating or air conditioning to the extent same cannot be provided utilizing the existing equipment servicing the Building, and (ii) janitorial service in excess of, or at different times than, the service required to be provided by Landlord pursuant to **Section 6.2** hereof. Tenant shall notify Landlord in writing at least one (1) Business Day prior to the time it requires heating, ventilating and air conditioning during periods the same are not otherwise furnished by Landlord pursuant to

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Section 6.2 hereof. The charge for operating the base building HVAC system on the **second floor** of the Building in excess of the hours set forth in **Section 6.2** hereof shall be (i)
$45.00 per hour during the period beginning on **November 1** and ending on **March 31**, and (ii)
$75.00 per hour during the period beginning on **April 1** and ending on **October 31**, provided that the foregoing charges shall be adjusted on **January 1, 2024** and on **January 1** of each year thereafter based upon any increase in the cost of electricity.

7. Repairs.

7.1Landlord shall maintain the following in good order and condition comparable to other first-class buildings in the Troy office market: (i) the common areas, including any lobbies, stairs, elevators, corridors, and restrooms, (ii) the windows and exterior walls, roofs, foundations, and structure of the Building, and (iii) the mechanical heating, ventilation, air-conditioning, fire protection, plumbing, electrical equipment, and life safety systems servicing the Building. In addition, Landlord shall be required to make all repairs to the Demised Premises (a) which are necessitated by the negligence or willful act of Landlord or Landlord's agents, employees, or contractors, or (b) which constitute structural repair and/or replacement work. Notwithstanding the foregoing, except as otherwise provided in Article 11 hereof, Tenant shall pay the cost of any repairs to the Building or the Demised Premises to the extent occasioned by the negligence, willful act, or default of Tenant, its agents, employees, invitees, and contractors. All such work shall be performed promptly and in a manner which, to the extent reasonably possible, minimizes any interruptions or interference with Tenant's operations in the Demised Premises.

7.2Subject to the provisions of **Section 7.1** hereof, Tenant shall keep the Demised Premises and every part thereof in good condition and repair, including (i) any special equipment installed in the Demised Premises by Tenant, such as supplemental air conditioning equipment, and
(ii) any other alterations, additions, or improvements made to the Demised Premises by Tenant. At the commencement of this Lease, Landlord shall install fire extinguishers in the Demised Premises to the extent then required by applicable fire codes. Thereafter, Tenant shall be responsible for installing, maintaining, and replacing fire extinguishers in the Demised Premises to the extent required by applicable fire codes. All repairs made by or on behalf of Tenant shall be made and performed in such manner as Landlord may reasonably designate, by contractors or mechanics reasonably approved by Landlord and in accordance with the rules and regulations relating thereto annexed to this Lease as **Exhibit "B"** and all applicable laws, codes, and regulations. Subject to the provisions of **Article 8** hereof, Tenant shall, at the end of the term hereof, surrender to Landlord the Demised Premises in the same condition as when received, except for ordinary wear and tear, repairs required to be made by Landlord, and damage by fire, earthquake, act of God or the elements. Landlord has no obligation, and has made no promise, to alter, remodel, improve, repair, decorate or paint the Demised Premises or any part thereof and no representations respecting the condition of the Demised Premises or the Building have been made by Landlord to Tenant except as expressly set forth in this Lease.

7.3In the event that it is necessary or required by any governmental authority or law to repair, alter, remove, reconstruct or improve any part of the Demised Premises or of the Building,

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then the same shall be made by Landlord with reasonable dispatch (unless the same shall result from Tenant's default or change in use of the Demised Premises or shall have been required by the City in connection with any alteration of the Demised Premises (other than the Tenant Improvement Work) performed by, or at the request of, Tenant, in which event Tenant shall make all such repairs, alterations and improvements or, at Landlord's option, Landlord shall make such repairs, alterations and improvements and shall be promptly reimbursed by Tenant for the cost incurred by Landlord in so doing), and should the making of such repairs, alterations or improvements cause any interference with Tenant's use of the Demised Premises, such interference shall not relieve Tenant from the performance of its obligations hereunder nor shall such interference be deemed an actual or constructive eviction or partial eviction or result in an abatement of rental. Notwithstanding the preceding sentence, in the event that Tenant is prevented from using, and does

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not use, the Demised Premises or any portion thereof, for more than three (3) consecutive Business Days as a result of Landlord's performance of such work, then Tenant's Basic Rental and additional rent shall be abated or reduced, as the case may be, after expiration of the 3-day period for such time that Tenant continues to be so prevented from using the Demised Premises or a portion thereof, in the proportion that the rentable area of the portion of the Demised Premises that Tenant is prevented from using, and does not use, bears to the total rentable area of the Demised Premises.

8. Alterations.

Tenant shall not make any alterations, additions, or improvements to the Demised Premises (whether or not the same may be structural in nature) or attach any fixtures or equipment thereto without Landlord's prior written consent, which consent shall not be unreasonably withheld. **Notwithstanding anything to the contrary contained in this Lease, Landlord's consent shall not be required for any alterations to the Demised Premises which do not affect or alter in any way (or, by reason of the application of applicable law, trigger the requirement to alter) the (a) HVAC, electrical, life safety, fire alarm, fire protection or plumbing systems or equipment in the Building, (b) structural integrity of the Building, or (c) exterior of the Building, provided that (i) at least two (2) Business Days prior to commencing such work, Tenant shall notify Landlord in advance as to the scope of any such work and the contractors performing such work, and (ii) such work shall otherwise be performed in accordance with the provisions of this Article 8.** All such alterations, additions or improvements shall be performed by contractors or mechanics approved by Landlord (which approval shall not be unreasonably withheld) and in accordance with the rules and regulations annexed hereto as Exhibit "B" and all applicable laws, codes, and regulations. Tenant shall furnish Landlord with such sworn statements and waivers of lien as Landlord shall reasonably request in connection with such work and shall comply with such other reasonable safeguards and controls as Landlord shall require. Any such alterations, additions or improvements made by either party hereto to the Demised Premises shall become the property of Landlord upon their installation or completion and shall remain upon, and be surrendered with, the Demised Premises at the expiration or termination of this Lease; provided, however, that Landlord may require Tenant to remove any additions made by Tenant to the Demised Premises without Landlord's prior approval (to the extent such approval was required hereunder). In the event Tenant has not removed its property and equipment within **ten (10) days** after the expiration or termination of this Lease, Landlord may elect to retain the same as abandoned property or remove and dispose of such abandoned property at the cost and expense of Tenant.

9. Insurance and Indemnification.

9.1Landlord shall provide and keep in force, or cause to be provided or kept in force, during the term of this Lease: (a) commercial general liability insurance (with limits not less than the limits set forth in **Section 9.3** hereof) with respect to Landlord's operation of the Building and the common areas for bodily injury or death and damage to property of others; (b) "all-risk" casualty

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insurance covering the Building and the common areas, excluding Tenant's Property (as hereinafter defined); and (c) loss of rental income insurance; together with such other insurance as Landlord, in its sole discretion, elects to obtain. Insurance provided by Landlord shall have such limits of liability, deductibles, and exclusions, and shall otherwise be on such terms and conditions as Landlord shall from time to time determine reasonable and sufficient. The term "Tenant's Property" shall mean Tenant's trade fixtures, equipment, personal property and any leasehold improvements (other than the Tenant Improvement Work) installed by Tenant at Tenant's sole cost.

9.2Tenant shall indemnify and hold Landlord harmless from any damage to any property or injury to or death of any person occurring in the Demised Premises, unless caused by the negligence or willful act of Landlord, its agents, contractors, or employees. Landlord shall indemnify and hold Tenant harmless from any damage to any property or injury to or death of any person occurring in the Building (excluding the Demised Premises) or common areas, unless caused by the negligence or willful act of Tenant, its agents, contractors, or employees. The foregoing indemnity obligations of Landlord and Tenant shall include reasonable attorney's fees,

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investigation costs and all other costs and expenses incurred from the first notice that any claim or demand is to be made or may be made. The provisions of this **Section 9.2** shall survive the termination of this Lease with respect to any damage, injury or death occurring prior to such termination.

9.3 Tenant shall procure and keep in effect commercial general liability insurance, including property damage and contractual liability, on an occurrence basis with bodily injury and property damage combined single limits of liability of not less than Two Million Dollars ($2,000,000) per occurrence, insuring Landlord and Tenant against any liability arising out of the ownership, use, occupancy or maintenance of the Demised Premises and all areas appurtenant thereto.

9.4 Tenant shall procure and keep in effect “all-risk” casualty insurance for the full replacement cost of Tenant's trade fixtures, equipment, personal property and any leasehold improvements installed by Tenant.

9.5 Tenant shall deliver certificates evidencing the insurance required pursuant to **Sections 9.3** and **9.4** hereof to Landlord on or before the Commencement Date, and thereafter as soon as practicable prior to the expiration of the then-current policies. Such insurance shall name Landlord as an additional insured and certificate holder, shall specifically include the liability assumed hereunder by Tenant, and shall provide that it is primary insurance and not excess over, or contributory with, any other valid, existing, and applicable insurance in force for or on behalf of Landlord.

10. Assignment and Subletting.

10.1 Except as expressly permitted pursuant to this **Article 10**, Tenant shall not, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, assign, transfer, hypothecate, or mortgage this Lease or any interest herein or sublet the Demised Premises or any part thereof, or permit the use of the Demised Premises by any party other than Tenant, provided that it shall not be unreasonable for Landlord to withhold or deny its consent with respect to any proposed assignment or subletting to a third party that is already a tenant or occupant in the Troy Place office complex or an affiliate thereof if there is then other suitable vacant space for such party to lease at Troy Place. Any assignment, transfer (including transfers by operation of law or otherwise), hypothecation, mortgage, or subletting without such written consent shall give Landlord the right to terminate this Lease and to re-enter and repossess the Demised Premises, but Landlord's right to damages shall survive. No consent by Landlord to any assignment, transfer, hypothecation, mortgage or subletting on any one occasion shall be deemed a consent to any subsequent assignment, transfer, hypothecation, mortgage or subletting by Tenant or by any successors,

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assigns, transferees, mortgagees, or sublessees of Tenant. The acceptance of rental by Landlord from any other person shall not be deemed a waiver by Landlord of any provision hereof. In the event of any assignment, transfer, hypothecation, mortgage or subletting, Tenant shall remain fully and primarily liable to perform all of the obligations of Tenant under this Lease and in the event of a default hereunder, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee or successor.

10.2 If at any time or from time to time during the term of this Lease, Tenant desires to sublet all or any part of the Demised Premises or to assign this Lease, Tenant shall give notice to Landlord ("Tenant's Subletting Notice") setting forth the proposed subtenant or assignee and the terms of the proposed subletting or assignment. Landlord shall have the option, exercisable by notice given to Tenant within **ten (10) Business Days** after Tenant's Subletting Notice is received,

(a) to consent or refuse to consent thereto, which consent shall not be unreasonably withheld, (b) if Tenant's request relates to a subletting, to terminate this Lease as to the portion of the Demised Premises to be sublet, or (c) if Tenant's request relates to an assignment, to terminate this Lease. In the event Landlord shall consent to the proposed subletting or assignment, Tenant shall be free for a period of **one hundred eighty (180) days** thereafter to sublet such space or to assign this Lease, provided that the subtenant or assignee and the terms of the sublease or assignment shall be as set forth in Tenant's Subletting Notice. In the event Landlord shall exercise its right to terminate the Lease pursuant to (b) or (c) of the preceding sentence, Tenant shall have the right to withdraw

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Tenant's Subletting Notice and nullify Landlord's termination by giving written notice of such withdrawal within **five (5) Business Days** following Tenant's receipt of Landlord's termination notice.

In the event Tenant shall so sublet a portion of the Demised Premises or assign this Lease, fifty percent (50%) of all of the sums or other economic consideration received by Tenant as a result of such subletting or assignment, whether denominated rentals or otherwise under the sublease or assignment, which exceed, in the aggregate, the total sums which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to that portion of the Demised Premises subject to such sublease for the period of time covered by such sublease and after deducting therefrom the costs incurred by Tenant in connection with such sublease or assignment, such as brokerage commissions, tenant improvement costs, and attorney's fees) shall be payable to Landlord as additional rental under this Lease without affecting or reducing any other obligation of Tenant hereunder.

10.3Notwithstanding the provisions of **Sections 10.1** and **10.2** hereof, Tenant may assign this Lease or sublet the Demised Premises or any portion thereof, without Landlord's consent and without extending any option to Landlord, to any entity (a "Permitted Assignee") (i) which controls, is controlled by or is under common control with Tenant, (ii) resulting from the merger or consolidation with Tenant, or (iii) which acquires all or substantially all of the assets or ownership interests of Tenant, provided that said assignee assumes, in full, the obligations of Tenant under this Lease. Tenant shall send written notice to Landlord of any assignment or sublease to a Permitted Assignee within **fifteen (15) days** following any such assignment or sublease.

10.4Notwithstanding anything to the contrary contained herein, Tenant shall not have the right to assign this Lease or sublet any portion of the Demised Premises (including pursuant to **Section 10.3** hereof) (i) for any medical or dental use, (ii) to any governmental or quasi-governmental agency, (iii) for any use which will generate substantially more pedestrian or automobile traffic than that generated by Tenant, or (iv) for any use which is incompatible with the operation of a first-class office building.

10

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11. Damage or Destruction.

11.1In the event the Demised Premises or any portion of the Building necessary for Tenant's use of the Demised Premises are damaged or destroyed in whole or in part during the term hereof by fire or other casualty ("Casualty Damage") insured (or required to be insured hereunder) against by Landlord's all risk insurance policy covering the Building, Landlord shall, at its own cost and expense, repair and restore the Demised Premises (other than Tenant's Property) to tenantable condition with reasonable dispatch, and during such time as any portion of the Demised Premises is unusable by reason of such damage, the rent herein provided shall abate in such proportion as that part of the Demised Premises so rendered unusable bears to the entire Demised Premises; provided if Tenant cannot reasonably operate, and does not operate, in undamaged portions of the Demised Premises as a result of damage to other portions of the Demised Premises, such undamaged portions shall be deemed to be unusable for such period of time that Tenant cannot reasonably operate in the damaged portions of the Demised Premises.

11.2Within **thirty (30) days** after the occurrence of a casualty, Landlord shall provide Tenant with a written estimate of a reputable general contractor ("Landlord's Restoration Estimate") of the number of days from the date restoration is commenced that it would take Landlord to restore the Demised Premises to a tenantable condition (the "Restoration Work"). Notwithstanding the provisions of Section 11.1 hereof, **(A)** in the event (i) according to Landlord's Restoration Estimate, the Restoration Work cannot be completed within a period of **two hundred forty (240) days** following the commencement of such work and/or (ii) the cost of performing such restoration work exceeds the proceeds of such insurance by more than Five Hundred Thousand Dollars ($500,000), then Landlord shall have the right to terminate this Lease and not make any repairs to the Demised Premises by giving written notice to Tenant within **sixty (60) days** after the date of such fire or other casualty, in which event this Lease shall terminate **thirty (30) days** after the date of such notice and Landlord and Tenant shall be released from any and all liability thereafter accruing hereunder, **(B)** in the event according to Landlord's Restoration Estimate, the Restoration Work cannot be completed within a period of **two hundred forty (240) days** following the commencement of such work, then Tenant shall have the right, to terminate this Lease upon written notice to Landlord within **thirty (30) days** following Tenant's receipt of Landlord's Restoration Estimate, in which event this Lease shall

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terminate **thirty (30) days** after the date of such notice and Landlord and Tenant shall be released from any and all liability thereafter accruing hereunder.

11.3If the Demised Premises are to be repaired under this **Article 11**, Landlord shall repair any injury or damage to the Building itself and the leasehold improvements in the Demised Premises other than Tenant's Property. Tenant shall pay the cost of repairing or replacing Tenant's Property. In addition, Tenant shall, at its own cost and expense, remove from the Demised Premises such items of Tenant's Property as Landlord shall require in order to repair and restore the Demised Premises.

11.4Notwithstanding anything to the contrary contained herein, Landlord and Tenant do hereby waive and release each other of and from any and all rights of recovery, claims, actions or causes of action, against each other, their agents, officers and employees, for any loss or damage that may occur (including, without limitation, loss or damage to the Demised Premises, the Building, leasehold improvements, personal property, furniture and fixtures) by reason of fire, the elements or any other cause which could be insured against under the terms of a standard all-risk insurance policy or is, in fact, insured against by insurance then being carried by the party suffering the loss or damage, regardless of cause or origin. Landlord and Tenant shall each obtain from their respective insurers under all policies of insurance maintained by either of them a waiver of all rights of subrogation which the insurer of one party might have against the other party consistent with the foregoing waiver, and Landlord and Tenant shall each indemnify the other against any loss or

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expense, including reasonable attorneys' fees, resulting from the failure to obtain such waiver from their respective insurers.

12. Eminent Domain.

If all or any substantial part of the Demised Premises shall be taken by any public authority under the power of eminent domain, then this Lease shall terminate as to the part so taken as of the date possession of that part shall be taken, and Landlord and Tenant shall each have the right to terminate this Lease upon written notice to the other, which notice shall be delivered within **thirty (30) days** following the date notice is received of such taking. In the event that neither party hereto shall terminate this Lease, Landlord shall, to the extent the proceeds of the condemnation award are available (other than any proceeds awarded for the value of any land taken), make all necessary repairs to the Demised Premises and the Building to render and restore the same to a complete architectural unit and Tenant shall continue in possession of the portion of the Demised Premises not taken under the power of eminent domain, under the same terms and conditions as are herein provided, except that the rent reserved herein shall be reduced in direct proportion to the amount of the Demised Premises so taken. All damages awarded for such taking shall belong to and be the property of Landlord, whether such damages be awarded as compensation for diminution in value of the leasehold or to the fee of the Demised Premises; provided, however, Landlord shall not be entitled to any portion of the award made separately to Tenant for removal and reinstallation of trade fixtures, loss of business, or moving expenses, provided such award to Tenant does not reduce the award otherwise payable to Landlord.

13. Rules and Regulations.

Tenant shall faithfully observe and comply with the rules and regulations set forth on Exhibit "B" annexed hereto and thereby made a part hereof, together with such other reasonable rules and regulations as Landlord shall promulgate from time to time which are of uniform applicability to all tenants of the Building and of which Tenant shall have received prior written notice (which notice shall be given at least **five (5) days** prior to the effective date of any new rules and regulation unless Landlord reasonably believes that such rules and regulation must be implemented immediately for the protection of the Building and/or the tenants and occupants of the Building (and their personal property). Landlord shall not be responsible to Tenant for the noncompliance by any other tenant or occupant of the Building with any such rules and regulations, provided that Landlord agrees to enforce such rules and regulations in a non-discriminatory manner. In the event of any conflict between this Lease and such rules and regulations, the provisions of this Lease will control.

14. Expenses and Taxes.

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14.1The following terms shall have the following meanings:

(a) The term "Expenses" shall mean the cost reasonably incurred by Landlord with respect to the operation, maintenance, repair, replacement and administration of the Building and the common areas, including, without limitation, (i) the costs incurred for operating, maintaining, repairing and replacing the air conditioning, mechanical, ventilation, electrical, plumbing, sprinkler, fire alarm and heating systems of the Building; cleaning (including janitorial services and restroom supplies); rubbish removal; snow removal; general landscaping and maintenance; window washing; elevators; janitorial services in the common areas during business hours; electric current (at the rate specified in **Section 6.1** hereof); management fees **(not to exceed five percent (5%) of the gross revenue of the Building);** protection and security services; insurance; supplies; wages, salaries and employee benefits respecting service and maintenance employees and management staff (provided that the wages and benefits of any employee who does not devote substantially all of his

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or her employed time to the Building and common area shall be prorated, and Expenses shall only include the percentage of such wages and benefits which is equivalent to the percentage of such employee's employed time that is spent on operating and managing the Building and common areas); uniforms and working clothes for such employees and the cleaning thereof; expenses imposed pursuant to any collective bargaining agreement with respect to such employees; payroll, social security, unemployment and other similar taxes with respect to such employees and staff; sales, use and other similar taxes; water rates and sewer charges and personal property taxes; the cost of movable equipment and personal property located in or used in connection with the maintenance and operation of the Building, as well as the cost of maintaining all such movable equipment and personal property; and any other costs, charges and expenses which, under generally accepted accounting principles and practices, would be regarded as maintenance and operating expenses, (ii) the cost of any capital improvements made to the Building or the common areas by Landlord after the Commencement Date that are intended to reduce other Expenses, or made to the Building or the common areas by Landlord after the date of this Lease that are required under any governmental law or regulation which was not applicable to the Building and the common areas as of the Commencement Date, such cost to be amortized over the reasonable anticipated useful life of such improvement, together with interest on the unamortized balance at the rate set forth in **Section 14.4** hereof, and (iii) Taxes (as defined in **Section 14.1(b)** hereof).

Expenses shall not include the following:

1. the Tenant Improvement Work and the cost of all alterations, decorations or other improvements made to space whic leased or to be leased to other tenants of the Building;
2. real estate brokerage commissions;
3. ground lease payments, mortgage principal or interest or any and all other debt service payments;
4. capital items other than (a) those referred to in clause (ii) of the preceding paragraph, and (b) capital repairs and replaceme
5. all costs associated with the operation of the business of the entity which constitutes “Landlord” (as distinguished from costs associated with the management and operation of the Building);
6. any interest or penalty incurred as a result of the late payment of Expenses by Landlord;
7. wages, salaries, and other compensation paid to any executive employee of Landlord and/or Landlord’s managing a above the grade of Building Manager;
8. any cost or expense relating to removal, cleaning, abatement, or remediation of “hazardous materials” that are located i about the Building or common areas in violation of applicable law, including without limitation, hazardous substances in ground water or soil (unless such hazardous materials were introduced to the Building or common area by Tenant o agents, employees, or contractors, in which event Tenant shall pay 100% of any such cost or expense);
9. advertising and marketing expenses and legal expenses incurred in order to secure new or retain existing tenants;

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10. any legal fees incurred by Landlord in enforcing its rights under leases for the Building;

14

11. costs (including, without limitation, court costs, attorneys' fees, damage awards and settlement amounts) incurred by Lar due to the violation or alleged violation by the Landlord, or any tenant or other occupant of the Building of the terms conditions of any lease of space in the Building and common areas except costs of repairs and maintenance which v otherwise have constituted Expenses;
12. costs incurred in connection with the sale, financing, refinancing, mortgaging, selling or change of ownership of all or part Building, including, without limit, brokerage commissions, attorneys' and accountants' fees, transfer taxes, title charges closing costs;
13. costs, including, without limit, attorneys' fees, incurred in connection with the defense of Landlord's title to any part c Building and common areas or land which it is on; and
14. the cost of performing any alterations or improvements for the sole purpose of causing the Building to comply with the prov of the Americans with Disabilities Act in effect as of the Commencement Date.

Those Expenses for a given calendar year (including the **2022** calendar year for determining Base Expenses) which vary with the occupancy of the Building, shall be adjusted in accordance with Landlord's reasonable estimate of what Expenses for such calendar year would have been had 100% of the rentable area of the Building been occupied and had 100% of the rentable area of the total Building been furnished all services for the entire such calendar year. In the event any common areas service more than one building in the Troy Place office complex, the Expenses relating to such common areas shall be allocated among the buildings served thereby in a fair and equitable manner.

(b) The term "Taxes" shall mean the amount of all ad valorem real property taxes and assessments, special or otherwise, levied upon, or with respect to, the Building and the common areas, or the rent and additional charges payable hereunder, imposed by any taxing authority having jurisdiction. Taxes shall also include all taxes, levies and charges which may be assessed, levied, or imposed in replacement of, or in addition to, all or any part of ad valorem real property taxes as revenue sources and which in whole or in part are measured or calculated by or based upon the Building, the freehold and/or leasehold estate of Landlord or Tenant, or the rent and other charges payable hereunder. Taxes shall include any expenses incurred by Landlord in determining or attempting to obtain a reduction of Taxes. Taxes shall be allocated to the calendar year in which same first become due.

15

hereof.

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(c)
16

The term "Base Expenses" shall have the meaning set forth in **Section 1(j)**
17

(d) The term "Additional Expenses" for any given calendar year shall mean the amount, if any, by which the Expenses incurred by Landlord in such calendar year shall exceed Base Expenses. **Notwithstanding anything to the contrary contained herein, for the purposes of computing Tenant's Share of Additional Expenses hereunder, in no event shall Controllable Expenses (as hereinafter defined) for any given calendar year after the 2022 calendar year be deemed to have exceeded the Maximum Controllable Expense Amount for such calendar year (as hereinafter defined). The term "Maximum Controllable Expense Amount" for each calendar year is hereby defined as follows: (i) for the 2023 calendar year, the Maximum Controllable Expense Amount shall be the amount arrived at by multiplying actual**
18

Controllable Expenses for the 2022 calendar year by 1.06, and (ii) for each succeeding calendar year of the term hereof, the Maximum Controllable Expense Amount for such calendar year shall be arrived at by multiplying the Maximum Controllable Expense Amount for the immediately preceding calendar year by 1.06. The term "Controllable Expenses" shall mean all Expenses excluding (i) Taxes and personal property taxes, (ii) insurance premiums,
(iii) cost of snow removal and salting, (iv) all utility costs, including gas, electricity, water, and sewer charges, and (v) any cost directly resulting from any governmental law or regulation which was not applicable to the Building and the common areas as of the Commencement Date.

(e) The term "Tenant's Share" shall mean the percentage arrived at by dividing the total square footage of rentable floor area in the Demised Premises by the total square footage of rentable floor area in the Building (including the Demised Premises). In the event the Building shall be increased or decreased during the term hereof, Tenant's Share shall be adjusted accordingly.

14.2Commencing on **January 1, 2023**, Tenant shall pay to Landlord, as additional rental, Tenant's Share of Additional Expenses in the manner and at the times herein provided.

On or before the first day of each month during the term of this Lease, together with the payments of Basic Rental, Tenant shall pay to Landlord one-twelfth (1/12th) of the amount estimated by Landlord as Tenant's Share of Additional Expenses for the current calendar year, provided that until Landlord notifies Tenant of such estimated amount, Tenant shall continue to pay the amount currently payable pursuant hereto.

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After the close of each calendar year, Landlord shall deliver to Tenant a statement (an "Expense Statement") prepared by Landlord of Tenant's Share of Additional Expenses. If on the basis of such Expense Statement, Tenant owes an amount which is less than the estimated payments for such calendar year previously made by Tenant, Landlord shall credit such excess amount against the next payment(s) due from Tenant to Landlord of Additional Expenses, or if no further payment of Additional Expenses is due, Landlord shall refund such excess amount to Tenant within **thirty (30) days** after delivery of such Expense Statement. If on the basis of such Expense Statement, Tenant owes an amount which is more than the estimated payments for such calendar year with respect to Additional Expenses previously made by Tenant, Tenant shall pay the deficiency to Landlord within **thirty (30) days** after delivery of such Expense Statement.

Within **one hundred twenty (120) days** after receipt by Tenant of Landlord's Expense Statement for any calendar year during the term, Tenant or its authorized representative (provided such representative is not retained on a contingency fee basis) shall have the right, upon not less than **thirty (30) days** prior written notice, to review and/or inspect the records and other supporting documentation of Landlord relating to such Statement during the business hours of Landlord at Landlord's office (or the office of Landlord's managing agent for the purpose of verifying the information contained in the Expense Statement (an "Audit"), provided that (i) Tenant shall pay any amount due pursuant to such Statement by the time provided for above, and (ii) Tenant shall pay the cost of such Audit, provided, however in the event such Audit establishes that Expenses as stated in Landlord's Expense Statement for a given calendar year exceed actual Expenses by more than five percent (5%), then Landlord shall reimburse Tenant for the reasonable out-of-pocket costs incurred by Tenant in connection with such Audit (such reimbursement not to exceed $2,500.00). In the event the Audit shall establish that the amount of Tenant's Share of Additional Expenses set forth in such Statement is incorrect, such Statement shall be revised by Landlord to reflect the correct amount of Tenant's Share of Additional Expenses. If on the basis of such revised Expense Statement, Tenant owes an amount which is less than the total amount paid by Tenant pursuant to

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the original Expense Statement, Landlord shall credit such excess amount paid by Tenant against the next payment(s) of rent due hereunder. If on the basis of such revised Expense Statement, Tenant owes an amount which is more than the amount paid by Tenant pursuant to the original Expense Statement, Tenant shall pay the deficiency to Landlord within **fifteen (15) days** after delivery of such revised Expense Statement.

If the Expiration Date shall be other than the last day of a calendar year, Tenant's Share of Additional Expenses which is applicable to the calendar year in which such commencement or termination shall occur shall be prorated on the basis of the number of calendar days within such year as are within the term hereof.

14.3In addition to the monthly rental and other charges to be paid by Tenant hereunder, Tenant shall pay any and all taxes assessed on the value of Tenant's Property.

14.4Except as above provided, all rental and additional rental shall be paid to Landlord without notice or demand and without deduction or offset, in lawful money of the United States of America at Landlord's address for notices hereunder or to such other person or at such other place as Landlord may from time to time designate in writing. All amounts payable by Tenant to Landlord hereunder, if not paid within **five (5) Business Days** following the date payment is due, shall bear interest from the due date until paid at a rate equal to five percent (5%) in excess of the then current "prime rate" published from time to time in *The Wall Street Journal*. In addition, if Tenant fails to pay any amount payable hereunder within **five (5) Business Days** following the date payment is due hereunder and Tenant fails to pay such amount within **five (5) Business Days** following receipt of written notice from Landlord, then, in addition to the interest payable pursuant the preceding sentence, Tenant shall pay Landlord, a late payment fee equal to **five percent (5%)** of the amount which is due but not paid. Any and all money and charges required to be paid by Tenant pursuant to the terms of this Lease shall be paid as additional rental whether or not the same may be designated "additional rental" herein.

15. Quiet Enjoyment.

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Landlord warrants that Tenant, upon paying the rental and other charges due hereunder and performing all of Tenant's obligations under this Lease, shall peacefully and quietly hold, occupy, and enjoy the Demised Premises throughout the term hereof, without molestation or hindrance by any person holding under or through Landlord, subject, however, to the provisions of this Lease and to any mortgages or ground or underlying leases referred to in **Article 16** hereof. Any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to the Building shall in no way affect this Lease or impose any liability on Landlord.

16. Subordination.

16.1This Lease is and shall be subject and subordinate, at all times, to the lien of any mortgage or mortgages which may now or hereafter be placed upon the Demised Premises, the Building, or the land, and to all advances made or hereafter to be made upon the security thereof and to the interest thereon, and to any agreements at any time made modifying, supplementing, extending, or replacing any such mortgages. At the option of a purchaser at a foreclosure sale, this Lease shall remain in full force and effect after, and not be extinguished by, the foreclosure of any such mortgage, and Tenant shall attorn to the purchaser at the foreclosure sale under all of the terms, conditions and covenants of this Lease for the balance of the term hereof, provided if this Lease is deemed terminated and extinguished by such a foreclosure, at the option of a purchaser at a foreclosure sale, Tenant shall enter into a new lease with the purchaser at the foreclosure sale upon the same terms and conditions as this Lease, except that the term of the new lease shall be

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equal to what would have been the balance of the term of this Lease had it not been terminated. Notwithstanding the foregoing, at the request of the holder of any of the aforesaid mortgage or mortgages, this Lease may be made prior and superior to such mortgage or mortgages.

16.2At the request of Landlord or any mortgagee of the Building, Tenant shall execute and deliver such further instruments as may be reasonably required to implement the provisions of this **Article 16** in form reasonably acceptable to Tenant**.**

17. Nonliability of Landlord.

17.1Landlord shall not be responsible or liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the area adjacent to, or connected with, the Demised Premises or any part of the Building, or for any loss or damage resulting to Tenant or its property from theft or a failure of the security systems in the Building, or from burst, stopped or leaking water, gas, sewer or steam pipes, or for any damage or loss of property within the Demised Premises from any cause whatsoever (provided that Landlord shall be liable for any damage to property caused by the negligence or willful act of Landlord, its agents, contractors or employees); and no such occurrence shall be deemed to be an actual or constructive eviction from the Demised Premises or result in an abatement of rental unless such occurrence is caused by the negligence or willful act of Landlord, its agents, contractors or employees.

17.2In the event of any sale or transfer (including any transfer by operation of law) of the Demised Premises, Landlord (and any subsequent owner of the Demised Premises making such a transfer) shall be relieved from any and all obligations and liabilities under this Lease except such obligations and liabilities as shall have arisen during Landlord's (or such subsequent owner's) respective period of ownership, provided that the transferee assumes in writing all of the obligations of Landlord under this Lease which arise subsequent to the transfer. Tenant shall attorn to such new owner.

17.3If Landlord shall fail to perform any covenant, term or condition of this Lease upon Landlord's part to be performed, and if as a consequence of such default, Tenant shall recover a money judgment against Landlord, such judgment shall be satisfied only against the right, title and interest of Landlord in the Building and out of rents or other income from the Building receivable by Landlord, or out of the consideration received by Landlord from the sale or other disposition of all or any part of Landlord's right, title and interest in the Building, and neither Landlord nor any of the members of the entity comprising the Landlord herein or the members or partners thereof, nor anyone claiming by, through or under Landlord, shall be liable for any deficiency.

18. Waiver.

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One or more waivers by either party hereto of any covenant, condition or provision herein shall not be construed as a waiver of a subsequent breach of the same or any other covenant, condition or provision herein contained; and the consent or approval by either party to or of any act requiring such party's consent or approval hereunder shall not be deemed to waive or render unnecessary such party's consent or approval to or of any subsequent similar act. If Landlord commences any summary or other proceeding for nonpayment of rent or the recovery of possession of the Demised Premises, Tenant shall not interpose any counterclaim of whatever nature or description in any such proceeding, unless the failure to raise the same would constitute a waiver thereof. To the extent permitted by law, Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either against the other on any matter whatsoever arising out of, or in any way connected with, this Lease.

19. Bankruptcy.

19.1 In the event (a) Tenant shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due or shall file a petition in bankruptcy, or shall be adjudicated as insolvent or shall file a petition in any proceeding seeking any reorganization, arrangements, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or fail timely to contest or acquiesce in the appointment of any trustee, receiver or liquidator of Tenant or any material part of its properties; (b) within ninety (90) days after the commencement of any proceeding against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed, or within ninety (90) days after the appointment, without the consent or acquiescence of Tenant, of any trustee, receiver or liquidator of Tenant or of any material part of its properties, such appointment shall not have been vacated; or (c) this Lease or any estate of Tenant hereunder shall be levied upon under any attachment or execution and such attachment or execution is not vacated within ten (10) days, then, and in any of such events, Landlord may terminate this Lease by written notice to Tenant; provided, however, if the order of court creating any of such disabilities shall not be final by reason of the pendency of such proceedings, or appeal from such order, or if the petition shall have been withdrawn or the proceedings dismissed within ninety
(90) days after the filing of the petition, then Landlord shall not have the right to terminate this Lease so long as Tenant performs its obligations hereunder.

19.2 If, as a matter of law, Landlord has no right on the bankruptcy of Tenant to terminate this Lease, then if Tenant, as debtor, or its trustee, wishes to assume or assign this Lease, in addition to curing or adequately assuring (as defined below) the cure of all defaults existing under this Lease on Tenant's part on the date of filing of the proceeding, Tenant, as debtor, or the trustee or assignee, must also furnish adequate assurances (as defined below) of future performance under this Lease. For the purposes hereof, (i) "adequate assurance" of curing defaults existing as of the date of filing of the proceeding shall mean the posting with Landlord of a sum in cash sufficient to defray the cost of such a cure, and (ii) "adequate assurance" of future performance under this Lease shall mean posting a cash deposit equal to the rent and all other charges payable by Tenant hereunder (including charges payable under **Article 14** hereof) for three (3) months of the term, and in the case of an assignee, assuring Landlord that the assignee is financially capable of assuming this Lease, and that its use of the Demised Premises will not be detrimental to the other tenants in the Building or Landlord. In a reorganization under Chapter 11 of the Bankruptcy Code, the debtor or trustee must assume this Lease or assign it within one hundred twenty (120) days from the filing of the proceeding, or he shall be deemed to have rejected and terminated this Lease.

20. Remedies.

20.1 In the event Tenant shall fail to pay the rent or any other obligations involving the payment of money reserved herein when due, Landlord shall give Tenant written notice of such default and if Tenant shall fail to cure such default within **ten (10) days** after receipt of such notice, Landlord shall, in addition to its other remedies provided herein or at law or in equity, have the remedies set forth in **Section 20.3** below.

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20.2If Tenant shall be in default in performing any of the terms of this Lease other than the payment of rent or any other obligation involving the payment of money, Landlord shall give Tenant written notice of such default, and if Tenant shall fail to cure such default within **thirty (30) days** after the receipt of such notice, or if the default is of such a character as to require more than **thirty (30) days** to cure, then if Tenant shall fail within said **thirty (30) day** period to commence or

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thereafter proceed diligently to cure such default within a reasonable period of time, then, and in either of such events, Landlord may (at its option and in addition to its other remedies) cure such default for the account of Tenant and any sum so expended by Landlord shall be additional rent for all purposes hereunder, including **Section 20.1** above, and shall be paid by Tenant with the next monthly installment of rent.

20.3If Tenant shall be in default upon any of the terms of this Lease, and such default has not been cured after notice and within the time periods provided in **Sections 20.1** and **20.2** above, then Landlord, in addition to its other remedies, shall have the immediate right to terminate this Lease and/or recover possession of the Demised Premises. Should Landlord elect to re-enter or take possession pursuant to legal proceedings or any notice provided for by the law, Landlord may relet the premises or any part thereof on such terms and conditions as Landlord shall in its commercially reasonable discretion deem advisable. The avails of such reletting shall be applied first, to the payment of any indebtedness of Tenant to Landlord other than rent due hereunder; second, to the payment of any reasonable costs of such reletting, including the cost of any commercially reasonable alterations and repairs to the Demised Premises; third, to the payment of rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. Should the avails of such reletting during any month be less than the monthly rent reserved hereunder, then Tenant shall during each such month pay such deficiency to Landlord. The obligations of Tenant shall survive any termination of this Lease pursuant to this **Section 20.3**.

20.4All rights and remedies of Landlord hereunder shall be cumulative, and none shall be exclusive of any other rights and remedies allowed by law. Landlord shall use commercially reasonable efforts to mitigate its damages resulting from Tenant’s defaults hereunder, provided that in no event shall Landlord be obligated to lease the Demised Premises to a new tenant prior to leasing other vacant space in the Troy Place complex. Notwithstanding anything to the contrary contained herein, in no event shall either party be liable hereunder for consequential, indirect or special damages.

20.5If as a result of any breach or default in the performance of any of the provisions of this Lease, either party uses the services of an attorney in order to secure compliance with such provisions or recover damages therefor, or to terminate this Lease or evict Tenant from the Demised Premises, the prevailing party shall be reimbursed by the other party upon demand for any and all reasonable attorneys' fees and expenses so incurred by the prevailing party.

20.6In the event Tenant shall abandon or surrender the Demised Premises, or be dispossessed by process of law or otherwise, any personal property belonging to Tenant and left on the Demised Premises shall be deemed to be abandoned, or, at the option of Landlord, may be removed by Landlord at Tenant's expense.

20.7Default by Landlord. If Landlord fails to observe or perform any covenant, agreement or obligation to be performed by Landlord under this Lease, and if such failure shall continue for more than **thirty (30) days** after written notice thereof from Tenant to Landlord (unless such failure requires work to be performed, acts to be done, or conditions to be removed which, by their nature, cannot reasonably be performed, done or removed, as the case may be, within such period, in which event, if Landlord shall have commenced curing or correcting the same within such period and shall have diligently prosecuted such cure, or correction, such **thirty (30) day** period shall be extended by such additional time period as may be required for Landlord to cure or correct such failure), except in emergency situations when only reasonable notice and opportunity to cure will be provided, then Tenant shall have its rights and remedies provided at law and in equity, all of which are cumulative and none of which are exclusive. In addition, if any such default materially and adversely affects the

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condition of the Demised Premises or Tenant's use and occupancy of the Demised Premises, or Tenant's ability to conduct business in the Demised Premises, then, among all other remedies provided at law or in equity, Tenant shall have the right but not the obligation to cure or correct said default provided (i) Tenant shall give Landlord **fifteen (15) days'** prior written notice of its intention to cure or correct the Landlord default except in emergencies when only reasonable notice and opportunity will be provided, (ii) Tenant shall use reasonable efforts not to adversely affect other tenants' occupancy of the Building, (iii) Tenant may not perform any work involving the common areas or the structure or mechanical, HVAC, electrical, fire protection or plumbing systems of the Building (except those components of the systems of the Building that exclusively serve the Demised Premises), and (iv) if Landlord has submitted to Tenant the name of a contractor that is acceptable to Landlord to perform such work, and provided such contractor is able and willing to perform such work on a timely basis and its charges are reasonable, Tenant shall use such contractor to perform such work. If Tenant elects to cure as aforesaid, Tenant may demand payment from Landlord of those reasonable and necessary costs paid by Tenant to effect such cure or correction. Landlord shall reimburse such reasonable and necessary costs within **fifteen (15) days** after receipt of Tenant's written demand (together with reasonable back-up).

21. Holding Over.

It is hereby agreed that in the event of Tenant holding over after the termination of this Lease, thereafter the tenancy shall be from month to month in the absence of a written agreement to the contrary, and Tenant shall pay to Landlord a monthly occupancy charge equal to **(a)** for the first **thirty (30) days** of holdover, **one hundred twenty-five percent (125%)** of the sum of (i) the monthly Basic Rental payable hereunder for the last month of the term hereof, plus (ii) all other monthly charges payable by Tenant under this Lease for the last month of the term hereof, and **(b)** for any holdover beyond said **thirty (30) days**, **one hundred fifty percent (150%)** of the sum of (i) the Basic Rental payable hereunder for the last month of the term of this Lease, plus (ii) all other charges payable by Tenant under this Lease for the last month of the term of this Lease, such charge under

(a) or (b) to be payable from the expiration or termination of this Lease until the end of the calendar month in which the Demised Premises are delivered to Landlord in the condition required herein. It is understood and agreed that the rental increase specified in the preceding sentence shall be Landlord's sole and exclusive remedy for any holdover by Tenant for less than **ninety (90) days** following the termination of this Lease.

22. Entire Agreement.

This Lease shall constitute the entire agreement of the parties hereto; all prior agreements between the parties, whether written or oral, are merged herein and shall be of no force and effect. This Lease cannot be changed, modified, or discharged orally, but only by an agreement in writing signed by the party against whom enforcement of the change, modification or discharge is sought.

23. Notices.

All notices provided for or permitted to be given pursuant to this Lease **(A)** must be in writing,

(B) shall be deemed to have been properly given or served as follows: (i) if hand delivered by courier, in hand when received; (ii) if mailed, on the third Business Day following the date upon which the same is deposited in the United States mail, addressed to the recipient of the notice, certified with return receipt requested; (iii) if by e-mail, on the date of transmission (or the next Business Day after the date of transmission if the transmission day is not a Business Day); and, (iv) if by nationallyrecognized overnight courier guarantying overnight delivery, on the Business Day following the day such notice was deposited with such a courier, so long as the day of deposit was on a service day of such courier and prior to the last pick up for such day, and **(C)** shall be addressed as follows: (i)

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to Tenant at the address set forth in **Section 1(d)** hereof, or to such other place as Tenant may from time to time designate in a notice to Landlord or delivered to Tenant at the Demised Premises, and

(ii) to Landlord at the address set forth in **Section 1(b)** hereof, or to such other place as Landlord may from time to time designate in a notice to Tenant.

24. Inability to Perform.

If, by reason of the occurrence of unavoidable delays due to acts of God, governmental restrictions, strikes, labor disturbances, shortages of materials or supplies or for any other cause or event beyond Landlord's reasonable control, Landlord is unable to furnish or is delayed in furnishing any utility or service required to be furnished by Landlord under the provisions of this Lease or any collateral instrument, or is unable to perform or make, or is delayed in performing or making, any installations, decorations, repairs, alterations, additions or improvements required to be performed or made under this Lease or under any collateral instrument, or is unable to fulfill, or is delayed in fulfilling, any of Landlord's other obligations under this Lease or any collateral instrument, no such inability or delay shall constitute an actual or constructive eviction in whole or in part, or entitle Tenant to any abatement or diminution of rental or other charges due hereunder or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or its agents by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business, or otherwise. If, by reason of the occurrence of unavoidable delays due to acts of God, governmental restrictions, strikes, labor disturbances, shortages of materials or supplies or for any other cause or event beyond Tenant’s reasonable control, Tenant is unable to perform its obligations under this Lease (other than Tenant’s obligations to pay rent hereunder), Tenant shall be excused from the performance of such obligations for the period of any delay caused by any such event.

25. Security Deposit.

Upon the execution of this Lease, Tenant has deposited with Landlord the amount set forth in **Section 1(n)** hereof (hereinafter referred to as the "Deposit"). The Deposit shall be held by Landlord as security for the faithful performance by Tenant of all of the provisions of this Lease to be performed or observed by Tenant. If Tenant fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may, but shall have no obligation to, use, apply or retain all or any portion of the Deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Landlord may become obligated by reason of Tenant's default or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of the Deposit, Tenant shall, within **ten (10) days** after demand therefor, deposit cash with Landlord in an amount sufficient to restore the Deposit to the full amount thereof. Landlord shall not be required to keep the Deposit separate from its general accounts. If Tenant performs all of Tenant's obligations hereunder, the Deposit, or so much thereof as has not theretofore been applied by Landlord, shall be returned, without payment of interest or other increment for its use, to Tenant (or, at Landlord's option, to the last assignee, if any, of Tenant's interest hereunder) at the expiration of the term hereof and after Tenant has vacated the Demised Premises in the condition required hereunder. No trust relationship is created herein between Landlord and Tenant with respect to the Deposit.

26. Liens.

Any mechanic's lien filed against the Demised Premises or the Building for work claimed to have been done or materials claimed to have been furnished to Tenant shall be discharged by Tenant within **ten (10) Business Days** thereafter. For the purposes hereof, the bonding of such lien

by a reputable casualty or insurance company reasonably satisfactory to Landlord shall be deemed

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the equivalent of a discharge of any such lien. Should any action, suit, or proceeding be brought upon any such lien for the enforcement or foreclosure of the same, Tenant shall defend Landlord therein, by counsel satisfactory to Landlord, and pay any damages and satisfy and discharge any judgment entered therein against Landlord.

27. Entry by Landlord.

27.1 Landlord and its designees may enter the Demised Premises at reasonable hours and upon reasonable prior notice (except in the event of an emergency or an entry to perform janitorial services) to **(a)** inspect the same, **(b)** exhibit the same to prospective purchasers, lenders or tenants (provided that (i) any such entry shall be done in a manner which does not materially interfere with Tenant's use of the Demised Premises, and (ii) Landlord shall only be permitted to show the Demised Premises to prospective Tenants during the one hundred eighty (180) days preceding the Expiration Date), **(c)** determine whether Tenant is complying with all of its obligations hereunder, **(d)** supply janitorial service and any other services to be provided by Landlord to Tenant hereunder, **(e)** post notices of nonresponsibility, and **(f)** make repairs to the Demised Premises, to any adjoining space or to any other portion of the Building, provided that all such work shall be done as promptly as reasonably possible and in a manner so as to minimize any interference with Tenant's operations in the Demised Premises.

27.2 Landlord shall at all times have and retain a key with which to unlock all of the doors in, on or about the Demised Premises (excluding Tenant's vaults, safes and similar areas designated in writing by Tenant in advance); and Landlord shall have the right to use any and all means which Landlord may reasonably deem proper to open said doors in any emergency in order to obtain entry to the Demised Premises, and any entry to the Demised Premises obtained by Landlord by any of said means shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into or a detainer of the Demised Premises or an eviction, actual or constructive, of Tenant from the Demised Premises, or any portion thereof.

28. Estoppel Certificate.

At any time and from time to time upon **ten (10) Business Days** prior request by Landlord, Tenant will promptly execute, acknowledge and deliver to Landlord, a certificate indicating to the extent true (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the date and nature of each modification), (b) that Tenant is in occupancy of the Demised Premises and any work to be performed by Landlord has been satisfactorily completed, (c) the date to which rental and other sums payable hereunder have been paid, (d) that neither Landlord nor Tenant is in default under this Lease and Tenant knows of no fact which with the passage of time or giving of notice would constitute such a default by Landlord or Tenant, (e) there are no actions, whether voluntary or otherwise, pending, or to its knowledge threatened, against Tenant under the bankruptcy laws of the United States or any state thereof, and (f) such other matters as may be reasonably requested by Landlord or its mortgagee. Any such certificate may be relied upon by any prospective purchaser, mortgagee, or beneficiary under any deed of trust of the Building or any part thereof. In the event Tenant shall fail to deliver the certificate within the time period stated above, such failure shall be a default under this Lease and Tenant shall be deemed to have confirmed as true the matters stated in (a) through (e) above.

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29. Signage.

29.1Landlord, at its sole cost, will provide building standard tenant identification in the Building directories with the name of Tenant and the suite number of the Demised Premises. Tenant will pay for any changes in such signage requested by Tenant.

29.2Landlord, at its sole cost, will install a sign in vinyl die-cut letters on the glass at the main entrance to the Demised Premises in Building Standard format with the name of Tenant and the suite number of the Demised Premises. Tenant shall pay for any changes Tenant desires to make to such sign during the term hereof.

30. Reserved Parking.

Landlord shall designate **four (4) parking spaces** (the "Garage Parking Spaces") in the enclosed parking garage in the Building (the "Parking Garage") as reserved for Tenant's exclusive use. Tenant shall pay, as rent for each Parking Space, **$75.00 per month**, in advance, on the first day of each calendar month during the term hereof. Tenant shall use each Parking Space only for the purpose of parking one (1) automobile and for no other purpose. Tenant shall have access to the Parking Garage from 7:00 AM to 10:00 PM on weekdays and from 7:00 AM to 5:00 PM on Saturdays (excluding all holidays), unless otherwise notified by Landlord. Landlord shall not be required to police or otherwise insure that other tenants or unauthorized persons are not utilizing the Parking Spaces, but Landlord will cooperate with Tenant in causing the Parking Spaces to be available for Tenant. It is understood and agreed that the right granted herein to use the Parking Garage is merely a privilege of parking and that Landlord shall not be responsible for loss or theft of any automobiles parked in the Parking Garage or of any equipment belonging thereto or of any articles contained therein, or for damage sustained to such automobiles or equipment while the same are entering, leaving or within the Parking Garage.

31. Options to Renew.

31.1Provided that Tenant is not then in monetary default under any of the terms and conditions of this Lease beyond any applicable cure period and shall not have assigned this Lease to a party other than a Permitted Assignee or sublet more than fifty percent (50%) of the Demised Premises to a party other than a Permitted Assignee, then Tenant shall have the right to extend the term of this Lease for **two (2)** additional term of **five (5) years** (each such term, an "Option Term"), by giving Landlord written notice ("Tenant's Initial Renewal Notice") of its intention to exercise such option right not later than **six (6) months** prior to the expiration of the then current term. In the event Tenant shall so exercise such option to extend the term, then the term of this Lease shall be extended for an additional **five (5) years** upon the same terms and conditions stated herein, except that the Basic Rental payable for the Option Term (and the base year for Additional Expenses during such Option Term) shall be the Market Rent (as hereinafter defined).

31.2For the purposes of this **Article 31**, the term "Market Rent" shall mean the base rental rate and base year amount in effect at the time the option is exercised for **renewals of leases** of comparable space in the Troy Place complex (or other comparable, first class, office complexes in the Troy, Michigan area) for a term beginning and ending at the same time (or within six (6) months of such times) as the Option Term (and negotiated at the time and not determined by the exercise of a renewal option at fixed terms negotiated at an earlier date) taking into consideration all relevant factors, including, without limitation, the size of the lease space, the location of the space in the applicable building, any differences in definitions of rentable area with respect to which rental rates are computed, any rental concessions, the value of any allowances (for demolition, space planning, architectural and engineering fees, construction, moving expenses or other purposes), the cost of

any construction performed by Landlord, leasing commissions paid by Landlord and the creditworthiness of the tenant.

31.3Within **ten (10) Business Days** after Landlord's receipt of Tenant's Initial Renewal Notice, Landlord shall submit to Tenant Landlord's determination of the Market Rent for the Option Term ("Landlord's Initial Renewal Proposal"). Tenant will have **ten (10) Business Days** after receiving Landlord's Initial Renewal Proposal to (a) accept Landlord's Initial Renewal Proposal, (b) notify Landlord that it has elected not to exercise its renewal option, or (c) notify Landlord ("Tenant's Appraisal Notice") that it is exercising its renewal option at the Market Rent to be determined by third parties in accordance with the procedure described below. In the event

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Tenant shall fail to respond to Landlord within **ten (10) Business Days** after receiving Landlord's Initial Renewal Proposal, Tenant shall be deemed to have elected not to exercise its renewal option.

31.3.1. Within **five (5) Business Days** after Landlord receives Tenant's Appraisal Notice, Landlord and Tenant shall each simultaneously submit to the other in a sealed envelope its suggested annual base rent for the Option Term assuming that "Base Expenses" for the Option Term will be Expenses incurred for the calendar year in which such Option Term shall commence (its "FinalRenewal Proposal"), but Landlord's Final Renewal Proposal need not be the same as Landlord's Initial Renewal Proposal. If the difference between the 5-year average base rent of the Final Renewal Proposals submitted by Landlord and Tenant is not more than five percent (5%) of the 5-year average base rent of the lower proposal, then the average of the two suggested average rentals shall be deemed to be the Market Rent for the Option Term. Otherwise, Landlord and Tenant shall negotiate in good faith to agree upon the Market Rent for the Option Term, and if Landlord and Tenant are unable to agree upon the Market Rent within **fifteen (15) Business Days**, the determination of the Market Rent shall be made as hereinafter provided below.

31.3.2. Within **five (5) Business Days** after the expiration of the **fifteen (15) Business Day** period referred to in **subparagraph 31.3.1** above, Landlord and Tenant shall mutually select a local (i.e., Detroit metropolitan area) commercial real estate broker with at least five (5) years' experience in leasing office space in the Troy, Michigan area (a "Qualified Broker"). If the parties cannot agree on one (1) Qualified Broker, then within **five (5) Business Days** thereafter, each party shall select a Qualified Broker and such two (2) Qualified Brokers shall select a third Qualified Broker. The Qualified Broker mutually selected by Landlord and Tenant or the three (3) Qualified Brokers (if Landlord and Tenant could not agree on one (1) Qualified Broker) shall determine the Market Rent for the Option Term in accordance with subparagraph 30.3.3 below. If either Landlord or Tenant shall fail to make such appointment within said **five (5) day** period, the other shall make such appointment on its behalf.

31.3.3. Once the Qualified Broker(s) have been selected as provided in **subparagraph 31.3.2** above, then the Final Renewal Proposals of Landlord and Tenant shall be submitted to such Broker(s). Within **ten (10) Business Days** after receiving such Final Renewal Proposals, the Qualified Broker(s) shall select one of the two (2) Final Renewal Proposals (it being agreed that if there are three (3) Qualified Brokers, a majority vote of two (2) of the Qualified Brokers shall govern). The base rental rates specified in the Final Renewal Proposal so selected by the Qualified Broker(s) shall be deemed to be the Market Rent for the Option Term and shall be binding upon Landlord and Tenant; provided that Landlord and Tenant shall execute an appropriate amendment to this Lease confirming the lease extension and the applicable rental rates. Landlord and Tenant shall equally share the cost of such Qualified Broker(s).

25

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32. Right of First Offer.

At any time from and after the date hereof, prior to entering into a new lease to a tenant (other than the then existing tenant or an affiliate or subtenant thereof) of a **First Offer Space** (as hereinafter defined) , Landlord shall send written notice to Tenant ("Landlord's Expansion Notice") specifying the date that the First Offer Space will be available for Lease (the "Expansion Date"). In the event Tenant desires to lease the First Offer Space specified in Landlord's Expansion Notice, and provided that Tenant is not then in monetary default under any of the terms and conditions of this Lease beyond any applicable notice and cure period hereunder, then Tenant shall send to Landlord, within **ten (10) Business Days** following Tenant's receipt of Landlord's Expansion Notice, an offer, in writing, to lease not less than the entire First Offer Space ("Tenant's Offer") for a term expiring not earlier than the date which is the later of (i) the last day of the thirty-sixth (36th) complete calendar month following the Expansion Date, and (ii) the Expiration Date, at the rental rates specified in Tenant's Offer commencing upon the Expansion Date. In the event that Landlord shall receive Tenant's Offer within said **ten (10) Business Day** period, then Landlord shall have the option

(i) to accept Tenant's Offer and amend this Lease to include the First Offer Space upon the terms set forth in Tenant's Offer, or (ii) to reject Tenant's Offer, in which event Landlord shall not enter into a lease of the First Offer Space with a third party tenant upon rental terms that are less favorable to Landlord than the terms set forth in Tenant's Offer without first offering such terms to Tenant, in writing,

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who shall then have **ten (10) Business Days** to accept such terms by giving written notice to Landlord, failing which Landlord may proceed with a lease of the First Offer Space to such third party). In the event Tenant shall fail to send Tenant's Offer within **ten (10) Business Days** following Tenant's receipt of Landlord's Expansion Notice, Tenant's right of first offer as to the First Offer Space specified in Landlord's Expansion Notice shall be void and of no further force or effect, and Landlord shall thereafter be free to enter into a lease of such First Offer Space with a third-party tenant for a period of up to **one hundred eighty (180) days**. The term "First Offer Space" shall mean either one (1) or both of the following suites: (i) **Suite 206** containing **6,856** rentable square feet and located contiguous to the Demised Premises on the south side, and (ii)) **Suite 226** containing **1,549** rentable square feet and located contiguous to the Demised Premises on the west side (provided, however, Tenant's right of first offer as to said **Suite 226** shall be subject to the prior right of the tenant of **Suite 220**).

33. Miscellaneous.

33.1 The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. If there is more than one Tenant, the obligations hereunder imposed upon Tenant shall be joint and several.

33.2 Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, or option for, lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant. This Lease may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Signatures to this Lease which are transmitted by facsimile or other electronic transmission shall have the same binding effect as original signatures.

33.3 The agreements, conditions and provisions herein contained shall, subject to the provisions of **Articles 10, 16** and **17** hereof, apply to and bind the heirs, executors, administrators, successors and assigns of the parties hereto.

33.4 Tenant shall not, without the consent of Landlord, use the name of the Building for any purpose other than as the address of the business to be conducted by Tenant in the Demised

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Premises. Landlord reserves the right to select the name of the Building and to make such changes of name as it deems appropriate from time to time.

33.5 Tenant warrants and represents that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, and it knows of no real estate broker or agent who is entitled to a commission in connection with this Lease **other than Jones Lang LaSalle Michigan, LLC**. Landlord and Tenant each agree to indemnify and hold the other harmless of and from any and all loss, cost, damage, or expense (including, without limitation, all counsel fees, and disbursements) by reason of any claim of, or liability to, any other broker claiming through it and arising out of, or in connection with, the execution and delivery of this Lease.

33.6 If any provisions of this Lease shall be determined to be illegal or unenforceable, such determination shall not affect any other provisions of this Lease and all such other provisions shall remain in full force and effect.

33.7 This Lease shall be governed by, and construed in accordance with, the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals as of the day and year first above written.

TROY PLACE EQUITIES II, LLC

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By:

28

Larry M. Nemer, Manager

29

NEMER TROY PLACE EQUITIES II, LLC

30

By:

31

Larry M. Nemer, Manager [Landlord]

32

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By:

Brian J. Roney, President [Tenant]

EXHIBIT "A"

DEMISED PREMISES

EXHIBIT "B"

RULES AND REGULATIONS

A.Wherever the word "Tenant" or "Landlord" appears herein, it is understood and agreed that it shall mean their agents, associates, employees, customers, visitors, and invitees.

B.The exterior and interior common areas of the Building, including all sidewalks, entrances, corridors, elevators, stairways, and the atrium, shall not be obstructed or used for any purpose other than access to and from the Demised Premises. Parking areas shall be used only for transient parking by tenants, their employees and visitors and shall not be used for storage of vehicles, for parking vehicles during non-business hours or for parking large commercial or recreational vehicles. Tenant shall comply with all other

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restrictions on the use of certain parking spaces, including spaces reserved for designated parties or for short-term parking. Landlord shall not be responsible or liable for any damage to, or theft of, vehicles parked in the parking area.

C.Landlord has the right to control access to the Building and to refuse admittance during non-business hours determined by Landlord to any person or persons without satisfactory identification or a pass issued by Landlord. Tenant shall comply with all regulations promulgated by Landlord regarding access to the Building during non-business hours, including, without limitation, restrictions on use of certain entrances, registration and identification procedures, and alarm procedures.

D.Landlord's employees will not perform any work outside of their regular duties unless specifically authorized to do so by Landlord.

E.No person shall disturb other occupants of the Building or other adjoining buildings by making loud or disturbing noises or by behaving in any other manner that would disturb such other occupants. Tenant shall not cause or permit unusual or objectionable odors to be produced upon or permeate from the Demised Premises, including any equipment emitting noxious fumes. Tenant shall not use any portion of the Demised Premises for the preparation of food without the prior written consent of Landlord, except that the use of a microwave to heat food (other than popcorn) shall be permitted.

F.Soliciting, peddling, and canvassing is prohibited in the Building and Tenant shall cooperate to prevent the same. No vending machine shall be operated in the Building without the prior written consent of Landlord.

G.All deliveries and removals of furniture, equipment or other heavy or bulky items must take place after notification to Landlord, during such hours and in such a manner as shall be determined by Landlord. Tenant shall be responsible for all damage or injury resulting from the delivery or removal of all such articles into or out of the Building or the Demised Premises. Tenant must arrange for the removal of all cartons, large boxes and containers from the Building and such items cannot be deposited in the dumpsters at the Building. No load shall be placed on the floor of the Demised Premises or in elevators in excess of the limits that shall be established by Landlord. Tenant's equipment shall be placed and operated only in locations approved by Landlord.

H.Nothing shall be attached to the interior or exterior walls of the Building or the Demised Premises without the prior written consent of Landlord. Building standard blinds shall be used in all windows and no other window treatments or objects shall be attached to, hung in, or used in connection with any window or door of the Demised Premises without the prior written consent of

37

Landlord. No article shall be placed on any windowsill.

38

I. No sign, picture, lettering, notice or advertisement of any kind shall be painted or displayed on or from the windows, doors, roof, or outside walls of the Building. All of Tenant's interior sign painting or lettering shall be done in a manner approved by Landlord, and the cost thereof shall be paid by Tenant. In the event of a violation of the foregoing by any Tenant, Landlord may remove same without any liability and may charge the expense incurred for such removal to such Tenant. Landlord will provide building standard tenant identification in the building directories.

J.No additional locks shall be placed on any door in the Building without Landlord's prior written consent. All changes made to the locks on doors in the Building must be approved by Landlord and performed by the locksmith designated by Landlord. A reasonable number of keys will be furnished by Landlord and Tenant shall not make or permit any duplicate keys to be made.

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K.Tenant shall not install or operate any steam or gas engine or boiler or carry on any mechanical business in the Demised Premises, or use oil, burning fluids, camphene or gasoline for heating or lighting, or for any other purpose. No article deemed extra hazardous on account of fire or other dangerous properties, or any explosive, shall be brought into the Demised Premises or the Building. Portable electric space heaters are prohibited.

L.No bicycles, vehicles or animals of any kind shall be brought into or kept in or about the Building or the Demised Premises.

M.No marking, painting, drilling, boring, wiring, cutting, or defacing of the Building or the Demised Premises shall be permitted without the prior written consent of Landlord. Plastic protective floor mats shall be maintained over all carpeted areas under desk chairs with casters. Any carpeting cemented down shall be installed with a releasable adhesive.

N.The electrical system and lighting fixtures in the Building and the Demised Premises shall not be altered or disturbed without Landlord's prior written consent specifying the manner in which it may be done and by persons authorized by Landlord. Extension cords shall not be used in the Demised Premises without the prior written consent of Landlord, provided that Tenant shall be permitted to use UL approved plug strips or surge protectors with internal circuit breakers and 14- gauge (minimum), 3-wire, grounded, cords. Hot plates (cooking) are prohibited and only approved electric coffee percolators and microwave ovens shall be permitted. Tenant shall not place any mechanical, electrical or telephone equipment in any area outside of the Demised Premises without the prior written consent of Landlord.

O.The toilets and other plumbing fixtures shall not be used for any purpose other than those for which they are designed. No sweepings, rubbish or other similar substances shall be deposited therein. Any repair or extra cleaning costs resulting from any misuse of the plumbing fixtures or the restrooms shall be paid by the Tenant who shall have caused the same. No person shall waste water by interfering or tampering with the faucets or otherwise. Toilet tissue and paper towels may not be removed from the restrooms.

P.Additional security or janitorial service required by a Tenant will be contracted through Landlord using the same company that the Landlord has under contract to provide such service. Tenant shall not employ or contract with any person to do cleaning or perform janitorial services in the Demised Premises without the prior written consent of Landlord.

Q.Tenant assumes responsibility for protecting the Demised Premises from theft, robbery, and pilferage. Tenant shall be responsible for locking all doors to the Demised Premises.

R.No area outside of the Demised Premises shall be used for storage at any time. All garbage shall remain within the Demised Premises until removal by janitorial personnel. Tenant shall pay the cost of removing trash from the Demised Premises in excess of that generated by normal office operations or at times other than the normally scheduled cleaning of the Demised Premises.

S.Smoking is prohibited in all areas of the Building, including, without limitation, lobbies, corridors, elevators, restrooms, stairwells, and the atrium.

T.The Demised Premises shall not be used for the purposes of hiring employees to work outside of the Demised Premises or for any other purpose that would generate more pedestrian or vehicular traffic than that generated by normal office uses.

EXHIBIT "C"

TENANT IMPROVEMENT WORK

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A.Landlord shall construct, at its sole cost and expense (except as provided in Paragraph B below), the following improvements and alterations required to prepare the Demised Premises for occupancy by Tenant (the "Tenant Improvement Work"), all of which work shall be performed in accordance with the plans attached to this Lease as **Exhibit "E"** (the "Tenant Improvement Plans") and Building Standard Specifications:

1. Walls. Construct full-height walls as shown on the Tenant Improvement Plans, all such walls to be insulated for sound protection.
2. Wall Finishes. Paint all walls as shown on the Tenant Improvement Plans.
3. Floor Finishes. Install floor finishes shown on the Tenant Improvement Plans (which will include new carpeting with carpet base in all areas that have carpeting and new LVT in the Lobby areas and Break Room as shown on the Tenant Improvement Plans).
4. Doors. Install doors and frames as shown on the Tenant Improvement Plans (which will include (i) wood doors with full glass panels in all Offices and Conference Rooms, (ii) solid wood doors in all other rooms and closets, (iii) brushed chrome or stainless hardware on all wood doors, and (iv) the existing glass entrance door with the brass changed to brushed chrome or stainless).
5. Electrical Outlets. Install electrical outlets as shown on the Tenant Improvement Plans.
6. Telephone Outlets. Install telephone and data outlets as shown on the Tenant Improvement Plans, but excluding any voice or data cable.
7. Lighting. Install new light fixtures as shown on the Tenant Improvement Plans.
8. Ceiling. Modify ceiling as necessary due to the wall modifications and replace any stained or damaged ceiling tiles.
9. HVAC. Modify existing HVAC as necessary due to the wall modifications, excluding any supplemental air-conditioning equipment.
10. Fire Protection. Modify sprinkler fire protection as required per building codes.
11. Window Covering. Install new pull-down shades as specified on the Tenant Improvement Plans.
12. Millwork. Install quartz counter-tops on the existing cabinetry in the Break Room and the serving counter in the Lobby.
13. Drawings. Prepare all construction drawings required to perform the Tenant Improvement Work.
14. Permits. Obtain all permits required for the Tenant Improvement Work.

41

The Tenant Improvement Work will **not** include (i) voice/data cabling and any telephone or communications equipment, (ii) furniture, fixtures and office equipment, (iii) security equipment, electric strikes, card reader systems, wiring or connections, (iv) any modifications to doors, frames or hardware required to accommodate Tenant's security system, (v) any connection between Tenant's security system and the Building's fire alarm panel required by applicable code, (vi) any kitchen appliances, (vii) paging system, and (viii) systems furniture and any permits required to install systems furniture (except that Landlord shall connect such systems furniture to the junction boxes shown on the Tenant Improvement Plans using whips supplied by Tenant).

B.In the event Tenant shall request any change in the Tenant Improvement Work after the date of this Lease (other than a change requested by Tenant to cure a violation of applicable law contained in the Tenant Improvement Plans), any additional cost incurred by reason of such change shall be paid by Tenant. Tenant shall also pay the cost of any improvements or work requested in writing by Tenant in addition to the Tenant Improvement Work.

42

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EXHIBIT "D"

JANITORIAL SERVICES

DAILY SERVICES: (Five Times per Week)

1. Empty waste baskets.
2. Dust desktops that are clear of working papers and equipment.
3. Sweep or vacuum floor area.
4. Toilet Rooms:
   - (a) Empty all waste receptacles.
   - (b) Sweep and wet mop floors.
   - (c) Clean and disinfect all fixtures and clean mirrors and counters.
   - (d) Refill towel, toilet tissue and soap dispensers.
5. Clean and disinfect drinking fountains and water coolers.
6. Clean the sink and countertop in the Breakroom.
7. Police parking areas for rubbish and trash. WEEKLY SERVICES:

1. Damp mop floors, stairways, lobbies, and corridors.
2. Dust tops of file cabinets, ledges and baseboards and heat conductors.
3. Wash and disinfect all ceramic tile; toilet partitioning, fixtures, and waste receptacles in toilet rooms.
4. Remove smudges and scuff marks from all glass office partitions wherever possible - public and private areas.

MONTHLY SERVICES:

1. Dust all window blinds.
2. Wash outside and inside building entry mats. WINDOW WASHING:

Wash exterior windows once every four months.

EXHIBIT "E"

TENANT IMPROVEMENT PLANS

[SEE PLANS ON FOLLOWING (6) PAGES]

REMOVE

ALL

EXISTING

BLINDS

AND

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REFINITIV

TRACK

FROM ALL

EXTERIOR

WINDOWS

OFFICE

OFFICE

OFFICE

OFFICE OFFICE OFFICE OFFICE OFFICE OFFICE

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REFINITIV

BOARDROOM

REMOVE EXISTING PROJECTION SCREEN

216 217 218 219 220 221 222 223 224 225

REMOVE DOORS

OFFICE

215

REMOVE DOORS AND BRASS HARDWARE

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REMOVE EXISTING PLAS. LAM. AND

B COUNTERTOP ONLY. EXISTING WALL CABINET AND BASE CABINET TO REMAIN.

REMOVE THIS WALL

REMOVE ALL WALLS AS SHOWN

REMOVE WALLS AND DOORS AS SHOWN

EXISTING ADA SHELF / ROD TO REMAIN

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CLOSET

202

OFFICE

214

OFFICE

213

OFFICE

210

A

STOR.

209

REMOVE SINK, FAUCET, COUNTERTOP AND

BACKSPLASH ONLY. EXISTING WALL CABINETS AND BASE CABINETS TO REMAIN

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REFINITIV

BREAK ROOM

208

REMOVE THESE TWO WALLS

ALL EXISTING MILLWORK TO REMAIN

NEW DOOR LOCATION (SEE FLOOR PLAN)

REMOVE AND CAP EXISTING FLOOR CORE

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REMOVE AND SAVE ALL EXISTING WALL SCONCES, TYP.

REMOVE AND SAVE ALL WOOD BASE, TYP.

REMOVE DOORS

OFFICE

212

COPY / MAIL

206

TELECOM

205

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EXISTING FRAMELESS GLASS ENTRANCE TO REMAIN

GENERAL ITEMS:

1. REMOVE ALL EXISTING FLOORING AND EXISTING WALL BASE FROM ALL AREAS OF SUITE.

2. REMOVE ALL EXISTING VERTICAL BLINDS AND TRACK FROM ALL EXTERIOR WINDOWS.
3. REMOVE AND SAVE ALL EXISTING DOORS.

PARTITION KEY

4. REMOVE ALL BRASS HARDWARE FROM ALL AREAS OF SUITE.

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DEMOLITION FLOOR PLAN

REMOVED WALLS

SCALE: 1/8" = 1'- 0"

(USE ONLY FIGURED DIMENSIONS FOR CONSTRUCTION)

EXISTING WALLS

EXHIBIT "E"

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2. ALL GLAZING TO COMPLY WITH APPLICABLE CODES.
3. ALL WOOD BLOCKING TO BE NON-COMBUSTIBLE.
4. ALL CONSTRUCTION AND FINISHES SHALL BE IN ACCORDANCE WITH BUILDING STANDARD SPECIFICATIONS.
5. ALL ELECTRICAL OUTLETS, TELEPHONE OUTLETS, AND LIGHT FIXTURES SHOWN ON THIS PLAN ARE FOR LOCATION PURPOSES ONLY.
6. REFER TO RELATED SUPPLEMENTAL DOCUMENTATION PREPARED BY OTHER LICENSED PROFESSIONALS FOR MECHANICAL, PLUMBING, ELECTRICAL AND FIRE PROTECTION INFORMATION.

BUILDING DATA

BUILDING: TROY PLACE - 3001 BUILDING

YEAR BUILT: 1973

GROSS FLR. AREA (TYP. FLR.): 35,000 SF

FLOORS ABOVE GRADE PLANE:

ZONING: OSC

USE GROUP:

TYPE OF CONSTRUCTION: II-B

FIRE SUPPRESSION: FULLY SPRINKLED

DEMISING WALLS: NO FIRE RATING REQUIRED

CONIFER HQ

3001 W. BIG BEAVER ROAD **SUITE 200**

8,742 RSF

NOTE: ALL ROOM SIZES

ARE APPROXIMATE

AND SUBJECT TO FIELD

VERIFICATION.

DO NOT SCALE DRAWING

200

D1

3001 KEY PLAN

EXHIBIT SET	06-09-22

PROVIDE AND INSTALL WHITE

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REFINITIV

PULL

DOWN

ROLLER

SHADES

IN ALL

EXTERIOR

WINDOWS

OFFICE

OFFICE

OFFICE

OFFICE OFFICE OFFICE OFFICE OFFICE OFFICE

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BOARDROOM

216 217 218 219 220 221 222 223 224 225

14 15 16 17 18 19 20 21

DOORS WITH FULL GLASS LITE

13

OFFICE

215

12

11

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EXISTING 2'-0" GLASS SIDELIGHTS, TYP

OPEN AREA

207

DOORS TO OFFICES AND CONFERENCE ROOMS TO HAVE FULL GLASS LITES, TYP

LOW WALL WITH HORIZONTAL GLASS PANEL ABOVE (NO SEAMS)

22

B

EQ. EQ.

9'-0"

02

C

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EXISTING CABINETRY WITH NEW QUARTZ COUNTERTOP AND BACKSPLASH

EXISTING ADA SHELF / ROD TO REMAIN

CLOSET

202

OFFICE

214

08

OFFICE

210

3'-6"

CLEAR

SUPPLY

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NEW ADA SINK AND FAUCET

EXISTING CABINETRY WITH NEW QUARTZ COUNTERTOP AND BACKSPLASH. SEE

ELEVATION "A" FOR

EXISTING MILLWORK

ELECTRONIC ACCESS BY TENANT

NEW DOOR WITH RELOCATED VENT

05

ELECTRONIC ACCESS BY TENANT

INSTALL NEW DOOR AND FRAME

04

TENANT'S RELOCATED RECEPTION DESK

DOOR WITH FULL GLASS LITE

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REFINITIV

03

ENTRY AREA

201

OFFICE

213

10

209 07

DETAILS:

BREAK ROOM

208

06

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REFINITIV

EXISTING NON-COM EQUIPMENT

BACKBOARDS

RECORDS

204

10'-0"

CLEAR

CONFERENCE

203

NEW WALL

01

09

OFFICE

212

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REFINITIV

OPEN AREA

211

ACCESS BY

ELECTRONIC

TENANTCOPY / MAIL

206

TELECOM

205

LOCKFRAMELESS GLASS ENTRANCE (ELECTRONIC ACCESS AND MAGNETIC

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BY TENANT)

ELEVATOR

LOBBY

PARTITION KEY

FLOOR PLAN

SCALE: 1/8" = 1'- 0"

(USE ONLY FIGURED DIMENSIONS FOR CONSTRUCTION)

" METAL STUDS WITH SOUNDEXISTING BLDG. STANDARD PARTITION BUILT TO THE UNDERSIDE OF CEILING GRID. (/" GYP. BOARD ON 3 "

INSULATION BATTING BETWEEN STUDS)

" METAL STUDSNEW FULL HEIGHT BLDG. STANDARD PARTITION BUILD TO THE UNDERSIDE OF CEILING GRID. (/" GYP. BOARD ON 3 "

WITH SOUND INSULATION BATTING BETWEEN STUDS)

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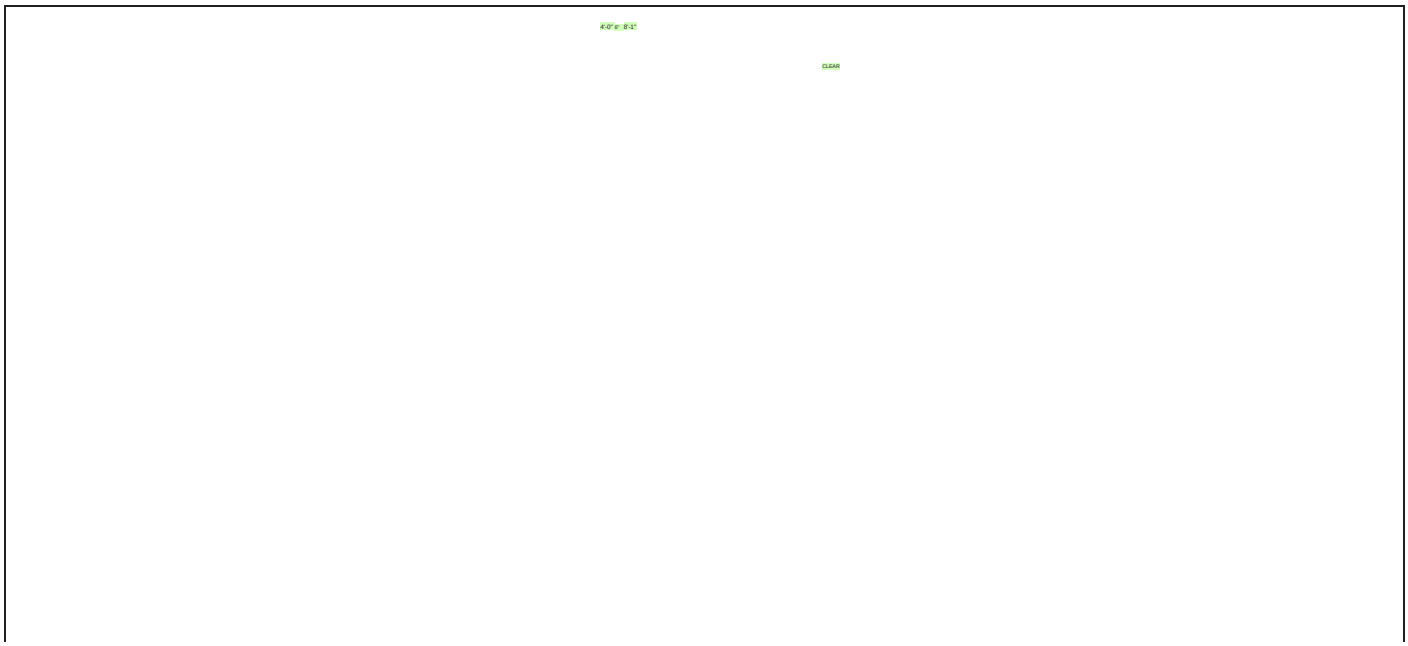

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2. ALL GLAZING TO COMPLY WITH APPLICABLE CODES.
3. ALL WOOD BLOCKING TO BE NON-COMBUSTIBLE.
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5. ALL ELECTRICAL OUTLETS, TELEPHONE OUTLETS, AND LIGHT FIXTURES SHOWN ON THIS PLAN ARE FOR LOCATION PURPOSES ONLY.
6. REFER TO RELATED SUPPLEMENTAL DOCUMENTATION PREPARED BY OTHER LICENSED PROFESSIONALS FOR MECHANICAL, PLUMBING, ELECTRICAL AND FIRE PROTECTION INFORMATION.

BUILDING DATA

BUILDING: TROY PLACE - 3001 BUILDING

YEAR BUILT: 1973

GROSS FLR. AREA (TYP. FLR.): 35,000 SF

FLOORS ABOVE GRADE PLANE:

ZONING: OSC

USE GROUP:

TYPE OF CONSTRUCTION: II-B

FIRE SUPPRESSION: FULLY SPRINKLED

DEMISING WALLS: NO FIRE RATING REQUIRED

CONIFER HQ

3001 W. BIG BEAVER ROAD **SUITE 200**

8,742 RSF

NOTE: ALL ROOM SIZES ARE APPROXIMATE AND SUBJECT TO FIELD VERIFICATION. DO NOT SCALE DRAWING

200

A1

3001 KEY PLAN

N

EXHIBIT SET	06-09-22

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REFINITIV

OFFICE

OFFICE

OFFICE OFFICE OFFICE OFFICE OFFICE OFFICE

BOARDROOM

225

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EXISTING POWER AND DATA FOR TENANT'S WALL MOUNTED TV

216 217 218 219 220 221 222 223 224

14 15 16 17 18 19 20 21

EXISTING FLOOR CORED POWER AND DATA LOCATION

N

N 13 N

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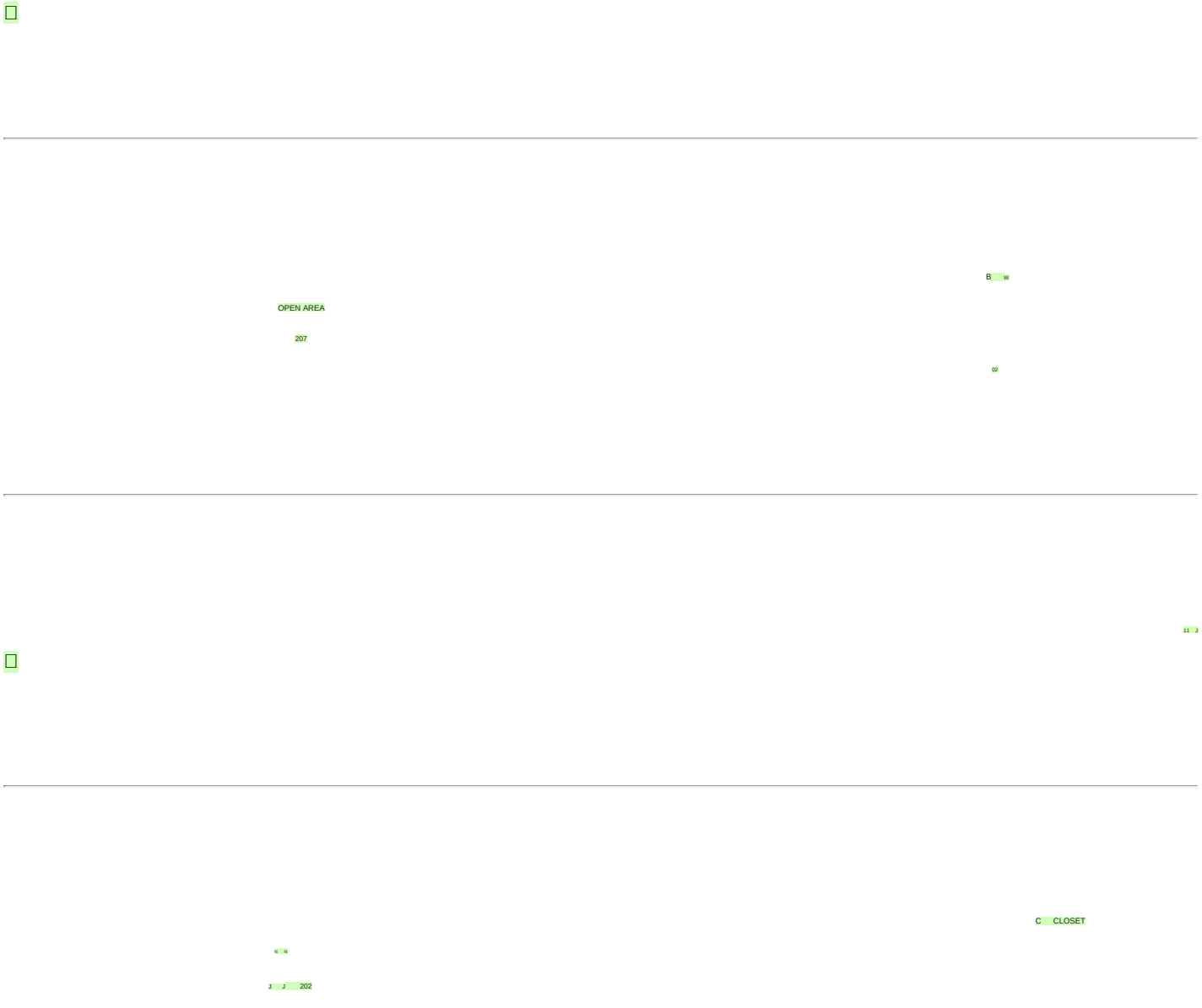

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OFFICE

214

08

OFFICE

N

A SEE ELEVATION FOR POWER

LOCATIONS

N

ELECTRONIC

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REFINITIV

N

ELECTRONIC

N

CL

CNEW FLOOR CORED POWER

L AND DATA LOCATION (BELOW TENANT'S RECEPTION DESK)

210

SUPPLY

ACCESS BY TENANT

05

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ACCESS BY TENANT

04 N

03

ENTRY AREA

201

T.B.D.

OFFICE

213

10

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REFINITIV

209 07

J

BREAK ROOM

208

06

COPIER OUTLET

EXISTING NON-COM EQUIPMENT

BACKBOARDS

RECORDS

204

N

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J

N

NEW FLOOR CORED POWER AND DATA LOCATION

T.B.D.

N

INSTALL OUTLETS AT 6'-0" AFF FOR TENANT'S WALL MOUNTED TV

01

09

OFFICE

212

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OPEN AREA

211

ELECTRONIC ACCESSN BY

N

TENANTCOPY / MAIL

206

TELECOM

205

RENCECONFE

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AGNETIC

FRAME (ELECT LOCKLESS GLASS ENTRANCE RONIC ACCESS AND M

BY TENANT)

N N N N

J J

ELEVATOR LOBBY

ELECTRICAL KEY

DUPLEX OUTLET (GENERAL CIRCUIT)

QUAD OUTLET (GENERAL CIRCUIT)

20 AMP DUPLEX (DEDICATED CIRCUIT)

WALL OPENING WITH PULL STRING AND TRIM RING FOR TELEPHONE/ DATA CABLING

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J J-BOX TO POWER WORKSTATION

R MAGNETIC DOOR LOCK RELEASE BUTTON (BY TENANT)

CR CARD READER AND ELECTRIC STRIKE (BY TENANT)

BOX INDICATES FLOOR MOUNTED ITEMS

N INDICATES NEW ITEMS

NOTE:

ALL OUTLETS AND WALL OPENINGS NOT SHOWN ARE TO BE REMOVED AND PATCHED

ELECTRICAL PLAN

SCALE: 1/8" = 1'- 0"

(USE ONLY FIGURED DIMENSIONS FOR CONSTRUCTION)

PARTITION KEY

1" METAL STUDS WITH SOUNDEXISTING BLDG. STANDARD PARTITION BUILT TO THE UNDERSIDE OF CEILING GRID. (1) 5/8" GYP. BOARD ON 3 1/2

INSULATION BATTING BETWEEN STUDS)

2NEW FULL HEIGHT BLDG. STANDARD PARTITION BUILD TO THE UNDERSIDE OF CEILING GRID. (2) 5/8" GYP. BOARD ON 3 1/2" METAL STUDS WITH SOUND INSULATION BATTING BETWEEN STUDS)

GENERAL NOTES: BUILDING DATA

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1. ALL CONSTRUCTION SHALL BE PERFORMED IN ACCORDANCE WITH ALL APPLICABLE CODES AND LOCAL ORDINANCES.

5.

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BUILDING: YEAR BUILT:

TROY PLACE - 3001 BUILDING

1973

CONIFER HQ

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2. ALL GLAZING TO COMPLY WITH APPLICABLE CODES.

6. REFER TO RELATED SUPPLEMENTAL DOCUMENTATION PREPARED BY OTHER

GROSS FLR. AREA (TYP. FLR.):

FLOORS ABOVE GRADE PLANE:

35,000 SF

3001 W. BIG BEAVER ROAD **SUITE 200**

5. ALL WOOD BLOCKING TO BE NON-COMBUSTIBLE.

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LICENSED PROFESSIONALS FOR MECHANICAL, PLUMBING, ELECTRICAL AND

ZONING: osc

USE GROUP:

8,742 RSF

200

4. ALL CONSTRUCTION AND FINISHES SHALL BE IN ACCORDANCE WITH BUILDING STANDARD

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FIRE PROTECTION INFORMATION:

TYPE OF CONSTRUCTION: FIRE SUPPRESSION:

E-B FULLY SPRINKLED

NOTE: ALL ROOM SIZES ARE APPROXIMATE AND SUBJECT TO FIELD VERIFICATION.

DO NOT SCALE DRAWING - >>

SPECIFICATIONS:

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DEMISING WALLS

NO FIRE RATING REQUIRED

EXHIBIT SET	06-09-22

3001 KEY PLAN

A2

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REPAIR GRID AS NEEDED DUE TO REMOVAL OF EXISTING PROJECTION

SCREEN

INSTALL HEADER AT CEILING TO SUPPORT GLASS PANEL

INSTALL TENANT SUPPLIED WALL SCONCES ON EXISTING WALL MOUNTED J-BOXES, TYP.

EXISTING DRYWALL CEILING

TO REMAIN. ADJUST AND

MODIFY PERIMETER AND INNER EDGES AS NEEDED

2" HEADER

KEY

NEW 2' x 4' FOCAL POINT EQUATION LED FIXTURE

NEW 2' x 2' FOCAL POINT EQUATION LED FIXTURE

EXISTING DOWNLIGHT LOCATION REPLACED WITH NEW LED

FIXTURE

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REFINITIV

WALL SCONCE (BY TENANT) EXIT SIGN

S SINGLE POLE SWITCH

3

REFLECTED CEILING PLAN

PARTITION KEY

6" METAL STUDS WITH SOUNDEXISTING BLDG. STANDARD PARTITION BUILT TO THE UNDERSIDE OF CEILING GRID. (1st GYP. BOARD ON 3 5

INSULATION BATTING BETWEEN STUDS)

6" METAL STUDSS THREE WAY SWITCH

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REFINITIV

SCALE: 1/8" = 1'- 0"

NEW FULL HEIGHT BLDG. STANDARD PARTITION BUILD TO THE UNDERSIDE OF CEILING GRID. (1⁄2" GYP. BOARD ON 3 s

NL NIGHT LIGHT (LOCATE AS

PER CODE REQUIREMENT)

(USE ONLY FIGURED DIMENSIONS FOR CONSTRUCTION)

WITH SOUND INSULATION BATTING BETWEEN STUDS)

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GENERAL NOTES: BUILDING DATA

1. ALL CONSTRUCTION SHALL BE PERFORMED IN ACCORDANCE WITH ALL APPLICABLE CODES AND LOCAL ORDINANCES.

5.

ALL ELECTRICAL OUTLETS, TELEPHONE OUTLETS, AND LIGHT FIXTURES SHOWN ON THIS PLAN ARE FOR LOCATION PURPOSES ONLY.

BUILDING: YEAR BUILT:

TROY PLACE - 3001 BUILDING

1973

CONIFER HQ

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2. ALL GLAZING TO COMPLY WITH

6. REFER TO RELATED SUPPLEMENTAL

GROSS

FLR. AREA (TYP. FLR.):

35,000 SF

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APPLICABLE CODES.

3. ALL WOOD BLOCKING TO BE NON-COMBUSTIBLE.

DOCUMENTATION PREPARED BY OTHER LICENSED PROFESSIONALS FOR MECHANICAL, PLUMBING, ELECTRICAL AND

FLOORS ABOVE GRADE PLANE:

ZONING: osc

USE GROUP:

3001 W. BIG BEAVER ROAD **SUITE 200**

8,742 RSF

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200

4. ALL CONSTRUCTION AND FINISHES SHALL BE IN ACCORDANCE WITH BUILDING STANDARD

FIRE PROTECTION INFORMATION:

TYPE OF CONSTRUCTION: FIRE SUPPRESSION:

E-IS FULLY SPRINKLED

NOTE: ALL ROOM SIZES ARE APPROXIMATE AND SUBJECT TO FIELD VERIFICATION.

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DO NOT SCALE DRAWING: ...

SPECIFICATIONS:

DEMISING WALLS:

NO FIRE RATING REQUIRED

EXHIBIT SET	06-09-22

3001 KEY PLAN

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A3

PROVIDE AND INSTALL WHITE

PULL-DOWN ROLLER SHADES IN ALL EXTERIOR WINDOWS

OFFICE

216

OFFICE

217

OFFICE

218

OFFICE

219

OFFICE

220

OFFICE

221

OFFICE

222

OFFICE

223

OFFICE

224

BOARDROOM

224

14

15

16

17

18

19

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20

21

13

22

CARPET DIRECTION

B

OFFICE

215

12

OPEN AREA

207

METAL SCHLUTER STRIP AT ALL LVT TRANSITIONS

02

11

C

CLOSET

202

OFFICE

214

08

LVT FLOORING

A

OFFICE

210

ENTRY AREA

201

VCT FLOORING

SUPPLY

05

04

03

209 07

VCT FLOORING

OFFICE

213

BREAK ROOM

208

ALL CABINETRY AND COUNTERTOPS TO REMAIN

RECORDS

204

CONFERENCE

203

EQ

EQ

10

06

01

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09

LVT FLOORING

COPY / MAIL

206

TELECOM

205

OFFICE

212

OPEN AREA

211

ELEVATOR

LOBBY

FINISHES

CARPETWALL BASE

PLASTIC LAMINATE

DOORS, FRAMES & HARDWARE

ALL AREAS EXCEPT LVT AND VCT LOCATIONS SHAW CONTRACT, (COLOR T.B.D.)

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LUXURY VINYL TILE FLOORING

ENTRY 201 AND BREAK AREA 208 ONLY

SHAW CONTRACT, HARD SURFACE (COLOR T.B.D.)

VCT FLOORING

TELECOM 205 AND SUPPLY 209 ONLY

ALL CARPETED AREAS

SOLID COLOR CUT-PILE 4" TALL CARPET BASE WITH SIMILAR COLOR BOUND EDGE

ALL VCT AND LVT AREAS

ROPPE, 4" COVE, NO. (COLOR T.B.D.)

PAINT

ALL AREAS

SHERWIN WILLIAMS, EGGSHELL

ENTRY AREA 201 (COFFEE AREA) AND BREAK ROOM 208 WALL AND BASE CABINETS

EXISTING TO REMAIN

SOLID SURFACE

ENTRY AREA 201 (COFFEE AREA) AND BREAK ROOM 208 COUNTERTOP AND 4" BACKSPLASH

QUARTZ, (COLOR T.B.D.)

DOORS - INTERIOR DOORS TO BE 3'-0" x 8'-0" WOOD, ALL OFFICE AND CONFERENCE ROOM DOORS TO HAVE FULL GLASS DOOR LITES (SEE DETAILS ON SHEET A5)

FRAMES - EXISTING BLDG. STD. FRAMES TO BE PAINTED (COLOR T.B.D.)

HARDWARE - BUILDING STD. BRUSHED METAL LEVERS

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SUITE ENTRY DOOR NO. 01

FINISH PLAN

PARTITION KEY

6" METAL STUDS WITH SOUNDEXISTING BLDG. STANDARD PARTITION BUILT TO THE UNDERSIDE OF CEILING GRID. (1x" GYP. BOARD ON 3 ix

INSULATION BATTING BETWEEN STUDS)

ARMSTRONG, STD. EXCELON 12" x 12" (COLOR T.B.D.)

FINISH (COLOR T.B.D.) CEILING TILE

ALL AREAS

- EXISTING TILE TO REMAIN. REPLACE ANY STAINED OR DAMAGED TILES.

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EXISTING FRAMELESS GLASS WITH BRUSHED STAINLESS (OR BLACK) DOOR HARDWARE

SCALE: 1/8" = 1'- 0"

(USE ONLY FIGURED DIMENSIONS FOR CONSTRUCTION)

x" METAL STUDSNEW FULL HEIGHT BLDG. STANDARD PARTITION BUILD TO THE UNDERSIDE OF CEILING GRID. (x)" GYP. BOARD ON 3 x

WITH SOUND INSULATION BATTING BETWEEN STUDS)

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T.B.D.

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GENERAL NOTES:

1. ALL CONSTRUCTION SHALL BE PERFORMED IN ACCORDANCE WITH ALL APPLICABLE CODES AND LOCAL ORDINANCES.
2. ALL GLAZING TO COMPLY WITH APPLICABLE CODES.
3. ALL WOOD BLOCKING TO BE NON-COMBUSTIBLE.
4. ALL CONSTRUCTION AND FINISHES SHALL BE IN ACCORDANCE WITH BUILDING STANDARD SPECIFICATIONS.
5. ALL ELECTRICAL OUTLETS, TELEPHONE OUTLETS, AND LIGHT FIXTURES SHOWN ON THIS PLAN ARE FOR LOCATION PURPOSES ONLY.
6. REFER TO RELATED SUPPLEMENTAL DOCUMENTATION PREPARED BY OTHER LICENSED PROFESSIONALS FOR MECHANICAL, PLUMBING, ELECTRICAL AND FIRE PROTECTION INFORMATION.

BUILDING DATA

BUILDING: TROY PLACE - 3001 BUILDING

YEAR BUILT: 1973

GROSS FLR. AREA (TYP. FLR.): 35,000 SF

FLOORS ABOVE GRADE PLANE:

ZONING: OSC

USE GROUP:

TYPE OF CONSTRUCTION: II-B

FIRE SUPPRESSION: FULLY SPRINKLED

DEMISING WALLS: NO FIRE RATING REQUIRED

CONIFER HQ

3001 W. BIG BEAVER ROAD **SUITE 200**

8,742 RSF

NOTE: ALL ROOM SIZES ARE APPROXIMATE AND SUBJECT TO FIELD VERIFICATION. DO NOT SCALE DRAWING

A4

3001 KEY PLAN

200

EXHIBIT SET	06-09-22

4'-6"

1'-6"

2'-10" 2'-0" 2'-6"

ADA MAX. HEIGHT CLEAR CABINETS

2'-0" 2'-6"

6"

3'-6"

(TO BE VERIFIED)

8'-4"

CEILING HEIGHT

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PROFESSIONALS FOR

FIRE PROTECTION INFORMATION.

IN ACCORDANCE WITH

BUILDING STANDARD

SPECIFICATIONS.

BUILDING DATA

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CONIFER

3001 W. BIG BEAVER ROAD SUITE 200 SUITE 200

8,742 RSF

NOTE:

ALL

ROOM

GLASS

ARE

APPRO

GRANTE

AND

SUBJEC

T TO

FIELD

VERIFIC

ATION.

DO NOT SCALE DRAWING

A5

3001 KEY PLAN

N N

W

2'-6"

PROVIDE FINISHED END PANEL ON THIS CABINET

TENANT'S MICROWAVE

N

NEW FINISHED END PANEL

3'-6"

REFRIGERATOR AREA

V.I.F. 1'-3"

EXISTING OPEN AREA

2'-6"

2'-6"

3'-0"

2'-0"

2'-10"

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T.B.D.

9'-0"

(TO BE VERIFIED)

FRAMELESS GLASS PANEL IN BRUSHED METAL U-CHANNELS

LOW WALL

4" TALL WALL BASE

A BREAK ROOM 208 - EXISTING MILLWORK ELEVATION

NOT TO SCALE

5'-0"

EXISTING PLAS. LAM. WALL

CABINETS TO REMAIN

EXISTING OUTLET AND WATER LINE FOR TENANT'S COFFEE MAKER

NEW QUARTZ COUNTERTOP AND 4" BACKSPLASH

EXISTING OPENING AND

OUTLET FOR TENANT'S UNDERCOUNTER REFRIGERATOR

EXISTING PLAS. LAM. BASE CABINETS

TO REMAIN

2'-6"

CLEAR

ELEVATIONS / DETAILS

SCALE: AS NOTED

(USE ONLY FIGURED DIMENSIONS FOR CONSTRUCTION)

B

C

ENTRY AREA - LOW WALL WITH GLASS PANEL ABOVE

NOT TO SCALE ENTRY AREA 201 - EXISTING MILLWORK ELEVATION

AGENCY HQ

NOT TO SCALE

EXHIBIT SET	05-0266-1-232-22

Execution Version

LIMITED WAIVER REGARDING
SECOND AMENDED AND RESTATED NOTE PURCHASE AGREEMENT
March 27, 2024

Conifer Holdings, Inc.
550 West Merrill Street, Suite 200

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Birmingham, Michigan 48009
Elanus Capital Investments Master SP Series 3,
a S.P. of Elanus Capital Investments Master SPC
c/o Elanus Capital Management LLC (the manager)
3 Woodvale Drive
Syosset, NY 11791

Reference is made to that certain Second Amended and Restated Note Purchase Agreement dated as of September 30, 2023 (as amended, modified or revised from time to time prior to the date hereof, including by that certain First Amendment to Second Amended and Restated Note Purchase Agreement dated as of December 13, 2023, the "**Note Purchase Agreement**"), between Conifer Holdings, Inc., a Michigan corporation (the "**Company**"), and Elanus Capital Investments Master SP Series 3, a S.P. of Elanus Capital Investments Master SPC (the "**Purchaser**"), whereby the Company issued to the Purchaser $10,000,000 aggregate principal amount of its 12.5% Senior Secured Notes due September 30, 2028 (the "**Senior Secured Notes**"). Capitalized terms used but not defined in this Limited Waiver Regarding Second Amended and Restated Note Purchase Agreement (this "**Waiver**") shall have the meanings given to such terms in the Note Purchase Agreement.

The Company has requested that the Required Holders waive the Specified Defaults (as defined below), and the undersigned Required Holders hereby agree to such waiver, in each case on the terms and conditions set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby severally acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Waiver of Specified Defaults**.

a. The Company hereby acknowledges that the Defaults and Events of Defaults identified on Schedule A attached hereto have occurred and continued (or will or may hereafter occur, as applicable) under the Note Purchase Agreement (each such Default and/or Event of Default, collectively, the "**Specified Defaults**").

b. Subject to the terms and conditions hereof, each of the undersigned Required Holders hereby waives the Specified Defaults; **provided**, that this waiver shall expire, terminate and no longer be in effect at the earlier of (i) May 31, 2025 and (ii) the

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occurrence and continuance of any other Event of Default (the "**Waiver Termination Date**"). The parties hereto acknowledge and agree that the waivers set forth herein (i) are limited to the matters expressly set forth herein and solely until the Waiver Termination Date, (ii) except as expressly set forth herein, shall not be deemed to be a consent to or amendment, waiver or modification of any other term contained in the Note Purchase Agreement or allow for any other or further departure from the terms and conditions of the Note Purchase Agreement, which terms and conditions shall continue in full force and effect, (iii) are not intended to, and shall not, establish any course of dealing among the Company and any Holder that is inconsistent with the express terms of the Note Purchase Agreement, (iv) shall not operate as a waiver of any other right, power, or remedy of the Holders under the Note Purchase Agreement, and (v) shall not be construed as an agreement or understanding by the Holders to grant any other waiver or other accommodation in the future with respect to any provision of the Note Purchase Agreement.

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2. **Conditions to Effectiveness**. This Waiver shall be effective upon satisfaction of the following conditions in a manner satisfactory to the Required Holders:

a. the execution and delivery of this Waiver by all parties hereto;

b. after giving effect to this Waiver, no Default or Event of Default has occurred and is continuing;

c. receipt by the Required Holders of a good standing certificate of the Company certified by the Secretary of State (or equivalent agency) of the State of Michigan as of a date no earlier than three (3) Business Days prior to the date hereof; and

d. the Company shall have paid, to the extent invoiced prior to the date hereof, to the Holders (or their advisors) all reasonable and documented out-of-pocket costs and expenses in connection with the preparation, execution and delivery of this Waiver and all other related documents together with any other amounts, if any, in each case, required to be paid under Section 18.1 of the Note Purchase Agreement and unpaid on the date hereof (including the attorneys' fees of Clifford Chance US LLP).

3. **Representations and Warranties**. The Company represents and warrants to the Required Holders that:

a. the Company has all requisite power and authority to execute this Waiver and to perform all of its respective obligations under this Waiver and the Note Purchase Agreement, this Waiver has been duly executed and delivered by the Company and this Waiver and the Note Purchase Agreement, constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law)).

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b. the representations and warranties set forth in Section 5 of the Note Purchase Agreement (after giving effect to this Waiver and, in the case of Section 5.5(a)(iii), any information and/or reports filed by the Company with the Securities and Exchange Commission) are true and correct on the date hereof in all material respects with the same force and effect as though made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, such representation or warranty shall be true and correct in all material respects as of such specific date); **provided**, however, that such materiality qualifiers shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof; and

c. after giving effect to this Waiver, no Default or Event of Default has occurred and is continuing.

4. **Miscellaneous**.

a. The Note Purchase Agreement is confirmed as being in full force and effect, the Company ratifies and reaffirms all of its obligations under the Note Purchase Agreement (after giving effect to the waivers under the Note Purchase Agreement set forth herein) and the collateral documents executed in connection therewith, and its grant to each Purchaser and Holder of a security interest in the Collateral and the validity and enforceability of all of the liens and security interests heretofore granted to the Purchasers and Holders under the Note Purchase Agreement and each of the other collateral documents to which it is a party, and except as expressly set forth herein, the Purchasers do not waive any of their rights or remedies thereunder.

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b. The Holders expressly reserve all of their rights, remedies, claims and defenses under the Note Purchase Agreement, as well as at law and in equity, with respect to any Specified Defaults after the Waiver Termination Date and any other Defaults or Events of Default. Any delay by the Holders in enforcing their rights and remedies with respect to any Specified Defaults after the Waiver Termination Date and any other existing or future Default or Event of Default does not constitute, and any future delay will not constitute, and no such delay may be construed as, (i) a waiver of any rights or remedies of the Holders or (ii) a course of conduct on the part of such Holder on which the Company may rely at any time, and none of the foregoing will impair the Holders' ability to exercise such rights and remedies now or in the future.

c. The Issuer acknowledges and agrees that as of the date hereof, it has no claim, defense or set-off right against any Holder of any nature whatsoever, whether sounding in tort, contract or otherwise, and has no claim, defense or set-off of any nature whatsoever to the enforcement by any Holder of the full amount of the Notes and other obligations of the Issuer under the Note Purchase Agreement and the other Note Documents. Notwithstanding the foregoing, to the extent that any claim, cause of action, defense or set-off against any Holders or their enforcement of the Note Purchase Agreement, any Note, or any other Note Document, of any nature whatsoever, known or unknown, fixed or contingent, does nonetheless exist or may exist, in each case on the date hereof, in consideration of the Holders' entering into this Waiver, the Issuer irrevocably

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and unconditionally waives and releases fully each and every such claim, cause of action, defense and set-off which exists or may exist, in each case, on the date hereof.

d. Delivery of an executed signature page of this Waiver or any delivery contemplated hereby by facsimile or electronic transmission shall be as effective as delivery of a manually executed counterpart thereof.

e. This Waiver shall be governed by and construed in accordance with the laws of the State of New York.

f. Sections 22.7 and 22.8 of the Note Purchase Agreement are incorporated herein and shall apply to this Waiver, *mutatis mutandis*.

[The remainder of this page has been intentionally left blank.]

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IN WITNESS WHEREOF, the Company and the Required Holders have executed this Waiver as of the date first listed above.

CONIFER HOLDINGS, INC.
By: _____
Name: Brian Roney
Title: President
ELANUS CAPITAL INVESTMENTS MASTER SP SERIES 3,
a S.P. of ELANUS CAPITAL INVESTMENTS MASTER SPC
By: _____
Name:
Title:

[*Signature Page to Waiver Agreement*]

Schedule A

Specified Defaults

(1) The Company failing to maintain the requisite Tangible Net Worth as of the end of (a) the fiscal quarter ended December 31, 2023 and (b) each fiscal quarter thereafter ending on or prior to the Waiver Termination Date, in each case as required by Section 11.1 of the Note Purchase Agreement, resulting in an Event of Default pursuant to Section 12.1(c) of the Note Purchase Agreement.

(2) The Company permitting the Dividend Paying Capacity of White Pine Insurance Company to be less than $1,000,000 for (a) the fiscal year ended December 31, 2023 and (b) each fiscal year thereafter ending on or prior to the Waiver Termination Date, in each case as required by Section 11.3 of the Note Purchase Agreement, resulting in an Event of Default pursuant to Section 12.1(c) of the Note Purchase Agreement.

(3) The Company permitting the "total adjusted capital" (within the meaning of the Model Act) of each of Conifer Insurance Company and White Pine Insurance Company to be less than the requisite percentage of the applicable "authorized control level of risk-based capital" (within the meaning of the Model Act) for such Insurance Subsidiary, in each case as of the end of (a) the fiscal year ended December 31, 2023 and (b) each fiscal year thereafter ending on or prior to the Waiver Termination Date, in each case as required by Section 11.5 of the Note Purchase Agreement, resulting in an Event of Default pursuant to Section 12.1(c) of the Note Purchase Agreement.

(4) The Company permitting the ratio of total Consolidated Indebtedness to Total Capital to exceed 0.55 to 1.00 (for the avoidance of doubt, when calculated in the manner set forth in, and required by, Section 11.6 of the Note Purchase Agreement) as of the last day of (a) the fiscal quarter ended December 31, 2023 and (b) each fiscal quarter thereafter ending on or prior to the Waiver Termination Date, in each case as required by Section 11.6 of the Note Purchase Agreement, resulting in an Event of Default pursuant to Section 12.1(c) of the Note Purchase Agreement.

(5) The Company failing to comply with Section 9.1 of the Note Purchase Agreement as a result of each of Conifer Insurance Company and White Pine Insurance Company failing to maintain adequate capital and surplus thresholds, in each

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case, as required by certain applicable laws and/or regulations to which such Insurance Subsidiaries are subject, resulting in Events of Default pursuant to Section 12.1(d) of the Note Purchase Agreement.

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EMPLOYMENT AGR EEMENT

THIS EMPLOYMENT AGREEMENT (this *"Agreement")* is made effective as of the \ the 18 of December , 2023, by and between CONIFER HOLDINGS , IN C., a M ichigan corporation (the *"Company")* and N ICHOLAS J. PETCO FF (the *"Executive").*

BACKGROUND

The Board of Directors of the Company (the *"Board")* has determined that it is i n the best interests of the Company and its stockholders to continue to employ the Executive. The Company and the Executive desire to enter into this Agreement to set forth the terms and cond itions of the Executive's employment relationshi p. This Agreement shall represent the entire understand ing and agreement between the parties with respect to the Executive 's employment with the Company.

NOW , THEREFORE , in consideration of the foregoing and the terms and cond itions set forth herein, the parties agree as follows:

TERMS AND CONDITIONS

1. EMPLOYMENT PERIOD.

(a)This Agreement shall be effective as of January 1 , 2024 (the "Commencement Date"). This Agreement shall supersede and replace that certain Employment Agreement between the Company and Execu tive dated as of March 13, 201 7.

(b)The Company hereby agrees to continue the Executive i n its employ, and the Executive hereby agrees to remain in the employ of the Company, subject to the terms and conditions of this Agreement, for the period commenci ng on the Commencement Date and ending on the second (2$_{11}$c1) anniversary of the Commencement Date (the *"Initial Term").* The term of this Agreement will automatically be renewed for a term of one (1) year (each, a *"Renewal Term")* at the end of the Initial Term and at the end of each Renewal Term thereafter , provided that (a) the Executive does not notify the Board of its intention not to renew this Agreement at least thirty (30) days prior (the *"Renewal Date")* to the expi ration of the I ni t i al Term or any Renewal Term and (b) the Board does not noti fy the Execu tive of i ts intention not to renew this Agreement on or prior to the Renewal Date. For purposes of this Agreement, *"Employment Period"* includes the Initial Term and any Renewal Term(s) thereafter.

2. TERMS OF EMPLOYMENT.

(a) Position and Du ties.

(i) During the Employment Period , the Execut ive shall serve as the Chief Executive Officer of the Company, and in such other posi tion or posi tions wit h t he Company and its subsidiaries as are consistent with the Executive's posi tion as Chief Execu ti ve Officer of the Company, and shall have such duties and responsi bilities as are assigned to the Executive by the Board consistent with the Executi ve's position as Chief Executive Officer of

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the Company. Subject to Section 3(c), the Company may make changes to the Executi ve's roles, responsi bil ities and reporti ng from time to time wi thout advance notice to accommodate i ts business interest and this Agreement will continue to apply after such changes.

(ii) Duri ng the Employment Period, and exclud ing any periods of paid time off or other leave to which the Executive is entitled , the Executive agrees to devote reasonable attention and time duri ng normal busi ness hours and on a full-ti me basis to the business and affairs of the Company , to discharge the responsi bi l ities assigned to the Executive hereunder, and to use the Executive's reasonable best efforts to perform faithful ly and efficientl y such responsibi l ities. During the Employment Period **it** shal l not be a violation of this Agreement for the Executive to (A) be employed by the Company or any of i ts subsid iaries or Affiliates, (B) serve on corporate, civic or charitable boards or committees, and (C) manage personal investments, so long as such activi ties do not significantl y interfere wi th the performance of the Executive's responsi bi l ities as an employee of the Com pa ny i n accordance with this Agreement.

(b) Compensation.

(i)*Base Salary.* During the Employ ment Period , the Executi ve shall recei ve an annual base salary (the ***"Annual Base Salary")*** at least equal to $425,000, which shal l be paid in accordance wi th the Compa ny 's normal payroll practices for senior executive officers of the Company as in effect from time to t ime. Duri ng the Employment Period, the Ann ual Base Salary shall be reviewed at least annual ly , and may be adjusted by the Compensation Comm ittee of the Company 's Board of Directors (the ***"Compensation Committee").*** The term "A nnual Base Salary" as uti lized in this Agreement shall refer to the Ann ual Base Salary as so adjusted.

(ii)*Annual Cash Bonus.* In add ition to the Annual Base Salary, for each fiscal year end ing during the Employment Period , the Executive shall be el igible for an annual cash bonus (the ***"Annual Bonus")*** as determi ned by the Compensation Committee. Each such Annual Bonus awarded to the Executi ve shall be pc.: id someti me during the fi rst seventy five (75) days of the fiscal year next following the fiscal year for which the Ann ual Bonus is awarded, unless the Executive shall elect, in compliance with Treasury Regulation 1.409A-2(a), to defer the receipt of such Annual Bonus. Executive must be employed with the Company i n good stand ing on the payment date of the Annual Bonus to earn and be eligible to receive the Annual Bonus.

(iii)i) *I ong-Term Incentive Equity Compensation.* Duri ng the Employment Period , the Executive shall be entitled to partici pate in any stock option , performance share, restricted stock unit or other equ ity based long-term incenti ve compensation plan, program or arrangement (the ***"Plans")*** generall y made available to senior executive officers of the Company, on substantially the same terms and cond itions as generally apply to such other officers, except that the size of the awards made to the Executive shall reflect the Executive's position with the Company and the Compensation Com mittee's views.

(iv)*Welfare Benefit Plans.* Duri ng the Employment Period , the Executive and/or the Executive's family, as the case may be, shall be el igible for partici pation i n and shall receive all benefits under welfare benefit plans, practices , pol icies and programs

provided by the Compa ny and its affil iated companies (includ ing, witho ut l imitation , med ical , prescri ption , dental, d isability , employee life, group l i fe, accidental death and travel accident insurance plans and programs) to the extent avai lable generally or to other senior executi ve officers of the Company.

(v)*Expenses.* During the Employment Period , the Executive shall be entitled to receive prom pt reim bursement for all reasonable expenses incurred by the Executive in accordance with the plans , practices , pol icies and programs of the Company .

(vi) *Vacation.* Duri ng the Employment Period , the Executive shall be entitled to paid vacation in accordance with the pl ans, practices , polici es and programs of the Company consistent with the treatment of other senior executive officers of the Compan y. Up to ten (10) days shall roll over to the next year, if not used duri ng any calendar year. Other than as requi

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red by applicable law, upon termination of Executive's employment for any reason , the Company will not pay any accrued or unused vacation time.

(c) Recoupment of Unearned Incentive Com pensa tion. Executive shall be subject to the Company 's Policy for the Recovery of Erroneousl y Awarded Compensation.

3. TERMINATION OF EMPLOYMENT.

(a) Notwithstanding Section 1, the Employment Period shall end upon the earl iest to occur of (i) the Executive's death, (i i) a Termination due to Disability, (i ii) a Termination for Cause, (iv) the Terminati on Date specified in connection with any exercise by the Company of i ts Termination Right ; (v) a Termination for Good Reason ; or (vi) the termi nation of this Agreement by Executive pursuant to Section 3(b). If the Employment Period termi nates as of a date specified und er this Section 3, the Executive agrees that, upon written request from the Company, the Executive shall resign from any and all positions the Executive holds with the Company and any of i ts subsid iaries and Affiliates, effective immed iatel y following receipt of such request from the Compan y (or at such later date as the Compan y may specify).

(b) This Agreement may be termi nated by the Executive at any time upon thirty (30) days prior written notice to the Company or upon such shorter period as may be agreed upon between the Executive and the Board. In the event of such termination , the Company shall be obl igated only to continue to pay the Executive's salary and provide other benefits provided by this Agreement up to the date of the termi nation.

(c) Benefits Payable Under Term ination.

(i) In the event of the Executi ve's death duri ng the Employment Period or a Termination due to Disabi l i ty, the Executive or the Executive's beneficiaries or legal representatives shall be provided the Uncond itional Entitlements , incl ud ing, but not limited to, any such Uncond itional Entitlements that are or become payable under any Company plan , policy, practice or program or any contract or agreement with the Company by reason of the Executive 's death or Termi nation due to Disabil i ty .

(ii) In the event of the Executive's Termi nation for Cause or termi nation by the Executive other than for a Termi nat ion for Good Reason , the Executive shall be provided the Uncond itional Entitlements.

(iii) In the event of a Termination for Good Reason or the exerci se by the Company of its Termi nation Rights , the Executi ve shall be provided the Uncond i t i onal Entitlements and , subject to Executive signing and del ivering to the Company and not revok ing a general release of claims in favor of the Company and certain related parties in substantially the form of EX H IBIT A attached hetero (the *"Release"),* the Company shall provide the Executive the Cond itional Benefits . Any and all amounts payable and benefits or add itional rights provided to the Executive upon a termination of the Executive's employment pursuant to this Section 3(c) (other than the U nconditional Entitlements) shall only be paya ble or provided if the Execut ive signs and delivers the Release within the consideration period identified i n the Release and the Executive does not revoke the Release withi n the revocation period identified in the Release. I n no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, nor shall the amount of any payment hereunder be red uced by any compensation earned by the Executive as a result of employment by a subsequent employer.

(d) Unconditional Entitlements. For purposes of this Agreement , the *"Unconditional Entitlements"* to which the Executi ve may become entitled under Section 3(c) are as follows:

(i)*Earned Amounts.* The Earned Compensation shall be paid withi n t hirty (30) days followi ng the termi nation of the Executive 's employment hereu nder.

(ii)*Benefits.* All benefi ts payable to the Executive under any employee benefit plans (includ ing, without limitation any pension plans or 401 (k) plans) of the Company or any of its Affiliates applicable to the Executive at the time of termination of the Executive's employment with the Company and all amounts and benefits (other than the Cond itional Benefits) which

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are vested or which the Executive is otherwise entitled to receive under the terms of or in accordance with any plan, pol icy, practice or program of, or any contract or agreement with, the Company, at or subsequent to the date of the Executive's termi nation without regard to the performance by the Executive of further services or the resol ution of a contingency, shall be paid or provided in accordance with and subject to the terms and provisions of such plans, it bei ng understood that all such benefits shall be determined on the basis of the actual date of termination of the Executive's employment with the Company .

(iii)*Indemnities.* Any ri ght which the Executive may have to claim a defense and/or indemnity for l iabi l ities to or claims asserted by thi rd parties in connection with the Execut ive's activities as an officer, d irector or employee of the Company shall be unaffected by the Executive's termi nation of employment and shall remai n i n effect i n accordance wi th i ts terms.

(iv)*Medical Coverage.* The Executive shall be entitled to such continuation of health care coverage as is required under, and i n accordance with, appl icable law or otherwise provided in accordance with the Company 's policies. The Executive shall be

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notified i n writing of the Executive's rights to continue such coverage after the term ination of the Executive's employment pursuant to this Section 3(d)(iv), provided that the Executive timel y complies with the cond itions to continue such coverage. The Executive understands and acknowl ges that the Executive is responsi ble to make all payments requi red for any such continued health care coverage that the Executive may choose to receive. For the avoidance of doubt, any such continuation coverage shal l run concurrently with the continuation coverage req uirements of the Consolidated Omnibus Bud get Reconci l iation Act and any simi lar state l aw.

(v)*Business Expenses.* The Execu t ive shall be entit led to reimbursement , i n accordance with the Company 's policies regard ing expense reimbursement as i n effect from time to time, for all business expenses incurred by the Executive prior to the termination of the Executive's employment.

(vi)*Stock Options/Equity Awards.* Except to the extent add itional rights are provided upon the Executive's qual ifying to receive the Cond itional Benefits, the Executive's rights with respect to any stock options, restricted stock units and/or other equ i ty awards granted to the Executi ve by the Company shall be governed by the terms and provisions of the plans (includ ing plan rules) and award agreements pursuant to which such stock options and equity awards were awarded, as in effect at the date the Executi ve's employment termi nated .

(c) Conditional Benefits. For purposes of this Agreement, the *"Conditional Benefits"* to which the Executive may become entitled are as follows:

(i)*Severance Amount.* The Company shal l pay the Executive a lum p sum amount equal to the Severance Amount. Subject to Section 3(c)(ii i) above, the Severance Amou nt shall be paid on the date that is sixty (60) days after the Termination Date (or upon the Executi ve's death, if earl ier).

(ii)*Equity Awards.* Any restricted stock unit or other equ ity award subject to vesting shall continue to vest in accordance with the terms of the Original Awa rd Documents, regard less of the Executive's termi nation of employment. Except as otherwi se expressly provided herei n, all such restricted stock or other equi ty awards shall be subject to, and administered in accordance with, the Original Award Documents.

(iii)*Additional Distribution Rules.* Notwi thstand ing any other payment date or schedule provided in this Agreement to the contrary, if the Executi ve is deemed on the Termination Date of the Executi ve's employment to be a "specified employee" within the meaning of that term under Section 409A of the Code and the regulations thereunder *("Section 409A* "), then each of the following shall apply:

(A) With regard to any payment that is considered "nonqualified deferred compensation" under Section 409A and payable on accou nt of and withi n six months after a "separation from service" (within the meani ng of Section 409A and as provided in Section 3(h) of this Agreement), such payment shal l instead be made on the date which is the earlier of (I) the

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expiration of the six (6)-month period measured from the date of the Executive's "separation from service," and (2) the date of the Execu tive 's death (the *"Delay Period")* to the extent required under Section 409A. Upon the expi rat ion of the Delay Period , al l

payments delayed pursuant to this Section 3(d) (whether they would have otherwise been payable i n a single sum or in installments i n the absence of such delay) shall be pa i d to the Executive in a lump sum, and all remai ning payments due under this Agreement shall be pa i d or provided in accordance wit h the normal payment dates specified for them herein ; and

(B) To the extent that benefits to be provided duri ng the Delay Period are considered "nonqualified deferred compensation " und er Section 409A provided on account of a "separation from service," the Executive shall pay the cost of such benefits du ri ng the Delay Period , and the Company shal l reimbu rse the Execut i ve, to the extent that such costs would otherwise have been paid or reimbursed by the Company or to the extent that such benefits would otherwise have been provided by the Com pan y at no cost to the Executi ve, for the Company's share of the cost of such benefits upon expiration of the Delay Period , and any remaini ng benefits shall be paid, reimbursed or provided by the Company i n accordance with the proced ures specified herei n .

The foregoing provision s of this Section 3(e) shall not apply to any payments or benefits that are excluded from the definition of "nonqualified deferred compensation" under Section 409A , includi ng, without l imitation, payments excluded from the definition of "nonqual i fied deferred compensation" on account of being separation pay due to an involuntary separation from service under Treasury Regulation **I**.409A- l (b)(9)(i i i) or on account of bei ng a "short-term deferral " und er Treasury Regulation l.409A- l (b)(4).

(f) Definitions. For purposes of this Agreement, the following terms shal l have the meanings ascribed to them below :

(i)*"Affiliate"* means any corporation , pa rtnershi p, l im ited l iabi l i ty company, trust or other entity which d irectl y, or ind i rectly through one or more intermediaries, controls, is under common control with , or is control led by, the Company.

(ii)*"C!tange in Control"* means the occurrence, i n a single transaction or i n a series of related transactions, of any one or more of the following events:

(A) any Exchange Act Person becomes the Owner, d irectl y or i nd irectl y, of securities of the Company representin g more than 50% of the combined Voti ng Power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transact ion. Notwithstand ing the foregoi ng, a Change in Control wi l l not be deemed to occur (**1)** i n connection with the issuance of securities of the Compan y as part of a joi nt venture or strategic partnershi p to which the Company is pa rty , (2) on account of the acqu isition of securities of the Company directly from the Company, (3) on account of the acquisition of securities of the Company by an investor, any a ffil iate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of rel ated transactions the pri mary purpose of which is to obtai n financing for the Company throu gh the issuance of equity securities, or (4) solely because the level of Ownershi p held by any Exchange Act Person (the ***"Subject Person")*** exceeds the desi gnated percentage threshold of the outstand ing Voti ng Securities as a resul t of a repurchase or other acquisition of Voti ng Securities by the Company red uci ng the num ber of shares outstand ing, provid ed that if a Change in Control wou l d occur (but for the operation of t his sentence) as a resul t of the acqu isition of Voting

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Securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional Voti ng Securities that, assumi ng the repurchase or other acquisition had not occurred, increases the percentage of the then outstand ing Voting Securities Owned by the Subject Person over the designated percentage threshold, then a Change i n Control wi ll be deemed to occur;

(B) there is consummated a merger, consol idation or simi lar transaction invol ving (directly or ind irectly) the Compan y and, immed iatel y after the consummation of such merger , consol idation or simi lar transaction , the stockholders of the Company immed iatel y prior thereto do not Own, directly or ind i rectly, either (1) outstand ing Voti ng Securities representi ng more than 50% of the combined outstand ing Voti ng Power of the surviving entity in such merger, consol idation or sim ila r transaction or (2) more than 50% of the combi ned outstand ing Voti ng Power of the pa rent of the surviving entity i n such merger , consolidation or simi lar transaction, in each case i n substantially the same proportions as thei r Ownershi p of the outstand ing Voti ng Securities of the Compa ny i mmed iatel y prior to such transaction;

(C) there is consummated a sale, lease, exclusive l icense or other disposition of all or substantially all of the consol idated assets of the Company and its subsid iaries, other than a sale, lease, l icense or other disposition of all or substantially all of the consolidated assets of the Company and its subsid iaries to an ent i ty, more than 50% or the combi ned Voti ng Power of the Voting Securities of which are Owned by stockholders or the Compan y in substantiall y the same proportions as their Ownershi p of the outstand ing Voti ng Securities of the Company immed iatel y prior to such sale, lease, l icense or other d i sposition ; or

(D) ind ividuals who, on the Commencement Date, are mem bers of the Board (the *"Incumbent Board")* cease for any reason to constitu te at least a majori ty of the members of the Board; *provided , however ,* that if the appointment or election (or nomi nation for election) of any new Board member was approved or recommended by a majority vote of the mem bers of the Incum bent Board then sti ll i n office, such new member will , for purposes of th i s Agreement, be considered as a mem ber of the Incu mbent Board.

(iii)*"Code"* mea ns the Internal Revenue Code of 1986, as amended and the rules and regulations promulgated thereu nder.

(iv)*"Earned Compensation"* means any Annual Base Salary earned , but unpaid , for services rendered to the Company on or prior to the date on which the Employment Period ends pursuant to Section 3(a) (but exclud ing any salary and interest accrued thereon payment of which has been deferred).

(v)*"JX.xchange Act"* means the Securities Exchange Act of 1934, as amended, and the ru les and regulations prom ul gated thereu nder.

(vi)*"Exchange Act Person"* means any natural person, entity or "group" (within the meani ng of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" will not include (A) the Company or any subsidiary of the Com pany ,

(B) any employee benefit plan of the Company or any subsid iary of the Company or any trustee

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or other fiduciary hold ing securities under an employee benefit plan of the Company or any subsidiary of the Company, (C) an underwriter temporari ly holding securities pursuant to a registered public offering of such securities, or (D) an entity Owned, d irectly or ind irectl y, by the stockholders of the Company in substantial l y the same proportions as their Ownershi p of stock of the Company.

(vii)*"Original Award Documents"* means , with respect to any restricted stock or other equity award , the terms and provisions of the award agreement related to and the plan governing, such restricted stock or other equity award , each as i n effect on the Termination Date.

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(viii)*"Own," "Owned," "Owner," "Ownership"* means a person or entity will be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownershi p" of securities if such person or entity , directly or ind irectly, through any contract , arrangement , understand ing, relationshi p or otherwise , has or shares Voting Power, which includes the power to vote or to d irect the voting, with respect to such securities.

(ix)*"Severance Amount"* means an amount equal to the prod uct of two (2) multipl ied by the Aggregate Annual Base Salary in effect on the Termination Date, if the Executive 's employment is terminated during the Initial Term, or if the Executive's employment is terminated during any Renewal Term.

(x)*"Terminationfor Cause"* means a termi nation of the Executive 's employment by the Company due to (A) an act or acts of d ishonesty undertaken by the Executive and intended to result in substantial gain or personal enrichment to the Executi ve at the expense of the Company, (B) unlawful conduct or gross miscond uct that is materially injurious to the Company, (C) the conviction of the Executive of, or the Executive's entry of a no contest or *nolo contendre* plea to, a felony, (D) breach by the Executive of the Executive's fiduciary obli gations as an officer or director of the Company, (E) a persistent fai lure by the Executi ve to perform the duties and responsi bi lities of the Executive 's employment hereu nder; or (F) material breach of any terms and conditions of any contract or agreement between Executi ve and the Compa ny, or of any Company policy , or of any statutory duty Executive owes to the Company, which breach has not been cured by the Executive withi n ten days after written notice thereof to Executi ve from the Company.

(xi)*"Termination Date"* means the earl ier to occur of (A) the date the Company specifies in writi ng to the Executive in connection with the exercise of i ts Terminat ion Right or (B) the date the Executive specifies in writi ng to the Company i n connection with any notice to effect a Termination for Good Reason. Notwi thstand i ng the foregoing, a termi nation of employment will not be deemed to have occurred for purposes of any provision of this Agreement provid ing for the payment of any amounts or benefits subject to Section 409A upon or following a termination of employment unless such termination is also a "separation from service" (within the meaning of Section 409A and as provided i n Section 3(h) of this Agreement), and notwithstand ing anythi ng contained herei n to the contrary, the date on which such separation from service takes place wi ll be the Termination Date.

(xii)*"Termination due to Disability"* means a term i nation of the Executive's employment by the Company because the Executi ve has been incapa ble , after reasonable accommodation , of substantial l y fulfill ing the positions , duties, responsi bi l ities and obligations set forth in this Agreement because of physical , mental or emotional incapaci ty resulting from injury, sickness or disease for a period of (A) six (6) consecutive months or (B) an aggregate of nine (9) months (whether or not consecutive) i n any twelve (12) month period. Any question as to the existence, extent or potentiality of the Executive's disabil i ty shall be determined by a qual ified physician selected by the Company with the consent of the Executive , which consent shall not be unreasonabl y withheld. The Executi ve or the Executi ve's lega l representatives or any adult mem ber of the Executi ve's im med iate fam i l y shall have the right to present to such physician such information and arguments as to the Execut ive's d isabi lity as he, she or they deem appropriate, including the opinion of the Executive 's personal physician.

(xiii)*"Termination for Good Reason"* means a termi nation of the Executive's employment by the Executive withi n thi rty (30) days of the Company 's fai lure to cure, in accordance with the proced ures set forth below, any of the following events: (A) a red uction in Executive's Annual Base Salary as in effect immed iatel y prior to such red uction by more than ten percent (10%) without Executive's wri tten consent, unless such red uction is made pursuant to an across the board reduction applicable to al l senior executives of the Company; (B) a material reduction in the Executive's duties, position and responsibi lities as in effect immed iately prior to such red uction without Executive' written consent, provided, however , that a mere change in title or reporting relationshi p following a Change in Control by itself wi ll not constitute "Good Reason" for Executive's resignation , and further provided that the acquisition of the Company and subsequent conversion of the Company to a division or unit of the acqui ring entity will not by itself result in a "reduction" of duties, position or responsi bi lity; (C) fai lure of the Company to renew the term of the Executive's employment pursuant to Section 1(b) of this Agreement; or (D) a material breach of any material provision of this

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Agreement by the Company. Notwithstand ing the foregoing, a termination shall not be treated as a Termination for Good Reason (y) if the Executive shall have consented i n wri ti ng to the occurrence of the event giving rise to the claim of Termi nation for Good Reason, or (z) unless (A) the Executive shall have delivered a written notice to the Board of Directors within ni nety (90) days of the initial occurrence of one of such events stating that the Executive intends to termi nate the Executi ve's employment for Good Reason and specifying the factual basis for such termi nation, (B) the Company shall not have cured such event within thirty (30) days of the receipt of such not ice, and (C) the Executi ve shall have term inated his employment within thirty (30) days after expiration of the thirty (30) day cure period set forth in the foregoing clause (B).

(xiv)*"Termination Riglt t"* means the right of the Company , in i ts sole, absol ute and unfettered discretion, to term inate the Executi ve's employment under thi s Agreement for any reason or no reason whatsoever. For the avoid ance of doubt , any Termination for Cause effected by the Company shall not constitute the exercise of its Termination Right.

(xv)*"Voting Power"* means such num ber of Voting Securities as shal l enable the holders thereof to cast all the votes which could be cast i n an annual election of d irectors of a company.

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(xvi) ***"Voting Securities"*** means all securi ties entitl ing the holders thereof to vote i n an annual election of d irectors of a company.

(g) **Conflict with Plans.** As permi tted und er the terms of the applica ble Plans, the Company and the Executive agree that the definitions of Termi nation for Cause or Termination for Good Reason set forth in this Section 3 shall apply in place of any similar definition or comparable concept applicable under the Plans (or any similar definition in any successor plan).

(h) Section 409A. It is intended that payments and benefits under this Agreement either be excluded from or comply with the requi rements of Section 409A and the guidance issued thereunder and, accord i ngl y, to the maxi mum extent permitted, this Agreement shall be interpreted consistent with such intent. In the event that any provision of this Agreement is subject to but fails to comply with Section 409A, the Company may revise the terms of the provision to correct such noncompliance to the extent permitted under any guidance, proced ure or other method promulgated by the Internal Revenue Service now or in the future or otherwi se available that provides for such correction as a means to avoid or mitigate any taxes, interest or penalties that would otherwise be incurred by the Executive on account of such noncom pliance. Provided, however, that in no event whatsoever shall the Company be liable for any add i tional tax , interest or penalty imposed upon or other detriment suffered by the Executi ve under Section 409A or damages for failing to comply with Section 409A. Solely for purposes of determi ning the time and form of payments due the Executive under this Agreement (incl ud ing any payments due under Sections 3(c) or 5) or otherwise in connection with the Executive's termi nation of employment with the Company, the Executive shall not be deemed to have incurred a termination of employment unless and u nti l the Executi ve shall incur a "separation from service" withi n the meani ng of Section 409A. The parties agree, as permi tted in accordance with the final regulations thereunder , a "separation from service" shall occur when the Executive and the Company reasonably anticipate that the Executive 's level of bona fide services for the Company (whether as an employee or an independent contractor) will permanently decrease to no more than forty (40) percent of the average level of bona fide services performed by the Executive for the Company over the immed iately preceding thirty six (36) months. The determination of whether and when a separation from service has occurred shall be made in accordance with this subparagraph and in a manner consistent with Treasury Regulation Section 1.409A-1 **(h).** All reimbursements and in-k ind benefits provided under this Agreement shall be made or provided i n accordance with the requirements of Section 409A to the extent that such reim bursements or in-kind benefits are subject to Section 409A, includ ing, where applicable, the requi rements that

(i) any reimbursement is for expenses incurred during the Executive's l ifetime (or during a shorter period of time specified i n this Agreement), (i i) the amount of expenses el igible for reimbursement (and the in-kind benefits to be provided) duri ng a calendar year

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may not affect the expenses eligible for reimbursement (and the in-k ind benefits to be provided) in any other calendar year, (i i i) the reim bursement of an eligible expense wi ll be made on or before the last day of the calendar year following the year in which the expense is incu rred and (iv) the right to reimbursement (or in-kind benefits) is not subject to set off or liq u idation or exchange for any other benefit. For purposes of Section 409A, the Executive's right to any install ment payments under this Agreement shall be treated as a right to receive a series of separate and distinct payments . Whenever a payment under this Agreement specifies a payment period with reference to a number of days (, "payment shall be made within ninety (90) days followi ng the date of

termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

4.EXECUTIVE REMEDY. The Executive shall be under no obligation to seek other employment or other engagement of the Executive's services. The Executi ve acknowled ges and agrees that the payment and rights provided under Section 3 are fair and reasonable , and are the Executive 's sole and exclusive remed y, i n l ieu of all other remed ies at law or i n equ i t y , for termi nation of the Executive's employment by the Com pany upon exercise of its Term i nati on Right pursuant to this Agreement or upon a Termination for Good Reason.

5. ADDITIONAL PAYMENTS FOLLOWING A CHANGE IN CONTROL.

(a) If, during the Employment Period and within two (2) years after a Change in Control, the Company shall termi nate the Executi ve's employment other than due to the Executive's death, a Term ination for Cause, a Termi nation due to Disabil i ty or if the Executi ve shall effect a Termi nation for Good Reason:

(i)the Company shall pay to the Executive, i n a lump sum i n cash within thirty (30) days after the Termination Date, the aggregate of the following amounts:

(A) the cash portion of the U ncond itional Enti tlements; and

(B) the amount equal to the prod uct of 2.99 times the sum of

(y) the Annual Base Salary, and (z) the greater of the target bonus for the then current fiscal yea r und er the Plans or any successor annual bonus plan and the average annual bonus paid to or for the benefit of the Executive for the prior three (3) full years (or any shorter period during which the Executive has been employed by the Company); and

(ii)the Company shall provide the Executi ve the Conditional Benefits minus the Severance Amount.

(b) If any payment or benefit (incl ud ing payments and benefits pursuant to this Agreement) the Executive would receive in connection with a Change i n Control from the Company or otherwise (the *"Payment")* would (i) constitute a "parachute payment" withi n the meani ng of Section 280G of the Code, and (ii) but for this paragraph , be subject to the excise tax imposed by Section 4999 of the Code (the *"Excise Tax")* , then the Company shall cause to be determined , before any amounts of the Payment are paid to the Executive, which of the following two alternative forms of payment shall be paid to the Executive: (A) payment i n full of the entire amount of the Payment (a *"Full Payment") ,* or (B) payment of only a part of the Payment so that Executive recei ves the largest payment possi ble without the imposition of the Excise Tax (a *"Reduced Payment").* A Full Payment shall be made i n the event that the amount received by the Executive on a net after-tax basis is greater than what would be received by the Executive on a net after-tax basis if the Reduced Payment were made, otherwise a Reduced Payment shall be made. If a Reduced Payment is made, (i) the Payment shall be paid only to the extent permitted under the Reduced Payment alternative, and the Executive shall have no rights to any additional payments and/or benefi ts consti tuting the Payment, and (ii) red uction i n payments and/or benefits shall occur in the following order: (A) red uction of cash payments ; (B) cancellation of accelerated vesting of equity awards other than stock options; (C) cancellation of

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accelerated vesting of stock options; and (D) reduction of other benefi ts paid to Execu tive. In the event that acceleration of compensation from the Executive's equity awards is to be reduced , such acceleration of vesting shall be canceled in the reverse order of the date of grant.

(c) The independent registered pu blic accounting firm engaged by the Company for general aud it purposes as of the day prior to the effective date of the Change in Control, or a national l y recognized law firm, shall make all determ inations required to be made under this Section 5. If the independent registered pu blic accounting firm or nationall y recognized law firm so engaged by the Company is serving as accountant or auditor for the ind ividual , entity or group effecting the Change i n Control, the Company shall appoint a nationally recogni zed law firm or independent registered pu bl ic accounti ng firm or law firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such independent registered publ ic accounting firm required to be made hereunder.

(d) The independent regi stered pu bl ic accou nting firm or law firm engaged to make the determi nations hereu nder shall provide i ts calculations , together with detai led supporting documentation, to the Company and the Executive within fi fteen (15) calendar days after the date on which Executive 's right to a Payment is tri ggered (i f req uested at that t ime by the Company or Execu tive) or such other time as requested by the Company or Executive. Any good faith determinations of the accounting firm or law firm made hereu nder shall be final, bi ndi ng and conclusive upon the Company and Executive.

(c) The Company 's obl igation to make the payments provided for i n this Agreement and otherwise to perform i ts obligations hereu nder shall not be affected by any set off, counterclaim, recou pment, defense or other claim, right or action wh ich the Company may have against the Executi ve or others. In no event shall the Execu tive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executi ve obtains other employment.

6. CONFIDENTIALITY.

(a) Confidentiality. Without the prior written consent of the Compan y , except (y) as reasonabl y necessary in the course of carryi ng out the Execut ive 's duties hereunder or (z) to the extent req uired by an order of a court having competent jurisdiction or u nder subpoena from an appropriate government agency, the Executive shall not disclose any Confidential Information unless such Confidential Information has been previously disclosed to the public by the Company or has otherwise become available to the pu bl ic (other than by reason of the Executive's breach of this Section 6(a)). The term ***"Confidential Information"*** shall include, but shall not be limited to: (i) the identities of the existing and prospective customers or clients of the Company and its Affiliates , includi ng names, addresses, cred it status, and prici ng levels; (ii) the buying and sell ing habits and customs of existing and prospecti ve customers or clients of the Company and its Affiliates; (ii i) financial information about the Company and its Affi l iates; (iv) product and systems specifications , concepts for new or improved products and other prod uct or systems data; (v) the identities of, and special skills possessed by, employees of the Company and its Affiliates; (vi) the identities of and prici ng information about the suppliers

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and vendors of the Company and its Affil iates; (vii) traini ng programs developed by the Company or its Affil iates; (vii i) pricing studies, information and analyses; (ix) current and prospective prod ucts and inventories; (x) financial models, busi ness projections and market studies; (xi) the financial resul ts and busi ness cond itions of the Company and i ts Affil iates; (xii) business plans and

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strategies of the Company and i ts Affil iates; (xiii) special processes, proced ures, and services of suppliers and vendors of the Company and i ts Affiliates ; and

(xiv) computer programs and software developed by the Company or its Affiliates.

(b) Compa ny Property. Promptl y following the Executive 's termi nation of employment , the Executi ve shall return to the Company all propert y of the Company , and all copies thereof in the Executive 's possession or under the Executi ve's control , except that the Executive may retain the Executive's personal notes, diaries, rol odexes, mobi le devices, calendars and correspondence of a personal nature. All business procu red by Executi ve and al l related business opportunities and plans made known to Executi ve whi le Executi ve is employed by or providing services to the Company shall remai n the permanent and exclusi ve property of the Company .

(c) Nonsolicita tion. The Executive agrees that , while the Executive is employed by the Company and during the two-year period following the Executive's termi nation of employment with the Company (the *"Restricted Period") ,* the Executive shall not d irectl y or ind irectly, (i) solicit any ind ividual who is, on the Termination Date (or was, during the six rnonth period prior to the Termi nation Date), employed by the Compa ny or i ts Affil iates to terminate or refrain from renewing or extending such employment or to become employed by or become a consultant to any other individual or entity other than the Company or its Affil iates or

(ii) induce or attempt to induce any customer or investor (in each case, whether former, current or prospective), supplier, licensee or other business relation of the Company or any of its affiliates to cease doing business with the Company or such Affil iate, or in any way interfere with the relationshi p between any such customer, investor , suppl ier, licensee or business relation , on the one hand, and the Company or any of its Affil iates, on the other hand.

(d) Noncom petition. The Executive agrees that, during the Restricted Period , the Executive will not engage in Competition (as defined below). The Executive shall be deemed to be engaging in *"Competition"* if he, d irectl y or ind irectly , anywhere in the continental United States i n which the Company conducts busi ness or has plans to conduct busi ness, owns, manages, operates, controls or partici pates i n the ownership, management , operation or control of or is connected as an officer, employee, pa rtner, d irector, consultant or otherwi se with , or has any financial interest in, any busi ness (whether through a corporati on or other entity) engaged i n any business activity that could be deemed to be competiti ve with one or more of the princi pal l ines of busi ness conducted by the Compa ny and i ts Affil iates, taken as a whole . Ownershi p for personal investment purposes only of less than 2% of the voti ng stock of any publ icly hel d corporation shall not constitute a violation hereof.

(e) Eq uita ble Remed ies. The Executive acknowledges that the Com pany would be irreparably injured by a violation of Section 6 and the Executi ve agrees that the Company , in addition to any other remed ies available to i t for such breach or threatened breach , on meeti ng the standards requi red by law, shall be entitled to a preliminary injunction, temporary restraining order, or other equivalent relief , restra i ning the Executive from any actual or

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threatened breach of Section 6. If a bond is required to be posted in order for the Company to secure an injunction or other equitable remedy, the parties agree that said bond need not be more than a nominal sum.

(t) Employee Proprietary Information and Inventions Assignment. The terms of that certain Employee Proprietary Information , Inventions Assignment and Non Competi tion Agreement between the Executive and the Company are hereby incorporated by reference (the *"Invention Assignment Agreement").* To the extent that there are any conD icts between the terms and conditions of the Invention Assignment Agreement and this Agreement, the terms and conditions of this Agreement shall control. All non-conflicting terms of the Invention Assignment Agreement are hereby expressly preserved.

(g) **Severability; Blue Pencil.** The Executive acknowledges and agrees that the Executive has had the opportuni ty to seek advice of counsel in connection with this Agreement and the restrictive covenants contained herei n are reasonable i n

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geographical scope temporal duration and in al l other respects. If it is determ i ned that any provision of th i s Section 6 is invalid or unenforceable, the remainder of the provisions of this Section 6 shall not thereby be affected and shall be given full effect, without regard to the invalid portions. If any court or other decision-maker of competent jurisd iction determines that any of the covenants in this Section 6 is unenforceable because of the duration or geographic scope of such provision , then after such determination becomes final and unappealable, the duration or scope of such provision , as the case may be, shall be reduced so that such provi sion becomes enforceable , and in its reduced form, such provision shal l be enforced.

7. SUCCESSORS.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by wi ll or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns and any party acting i n the form of a recei ver or trustee capacity.

(c) The Company wil l requi re any successor (whether direct or ind irect , by purchase , merger , consolidation or otherwise) to all or substantially all of the busi ness and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Compan y" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

8. MISCELLA N EOUS.

(a) This Agreement shal l be construed , and the rights and obl igations of the parties hereunder determined, in accordance with the substanti ve laws of the State of Michigan , without regard to its conflict-of-laws pri nciples. For the purposes of any suit, action or

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proceeding based upon , arising out of or relati ng to this Agreement or the negotiation , execut ion or performance hereof , the parties hereby expressly submit to the jurisd iction of all federal and state courts sitting within the confines of the Federal Eastern District of M ichigan (the ***"Venue Area")*** and consent that any order, process, notice of motion or other application to or by any such court or a jud ge thereof may be served within or without such court's jurisdiction by registered mail or by personal service i n accordance with Section 8(b). The parties agree that such courts shall have the exclusi ve jurisd iction over any such su it, action or proceed i ng commenced by either or both of said parties. Each party hereby irrevocabl y waives any objection that it may now or hereafter have to the layi ng of venue of any suit, action or proceedi ng based upon , arising out of or rela ting to thi s Agreement or the negotiation , execution or performance hereof, brought in any federal or state court sitting within the confines of the Venue Area and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. The captions

, of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or mod ified otherwise than by a written agreement executed by the parties hereto or thei r respecti ve successors and legal representatives.

(b) All notices and other commu nications hereu nd er shall be in wri ting and shall be given by hand del ivery to the other party or by registered or certified mai l , return receipt requested, postage prepaid , addressed as follows:

If to the Executive, to the address maintained in the Company 's records. If to the Company:

Conifer Hold ings, Inc.

3001 West Big Beaver Road , Suite 200

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Troy, Michigan 48084 Attn: General Counsel
Telephone: (248) 559-0840

or to such other address as either party shall have furnished to the other in writing in accordance herewi th. Notice and commu nications shall be effective when actually received by the addressee.

(c) The inval id ity or unenforceabi l i ty of any provi sion of this Agreement shall not affect the validity or enforceabi lity of any other provision of this Agreement.

(d) From and after the Commencement Date, the Company shall cover the Executive under directors' and officers ' liability insurance both during and, while potential liability exists, after the Employment Period in the same amount and to the same extent as the Company covers its other executive officers and directors.

(e) The Company may withhold from any amou nts paya ble under t his Agreement such Federal, state, local or foreign taxes as shall be req uired to be withheld pursua nt to any applicable law or regulation.

(f) The Executive's or the Company 's failure to insist upon strict compliance with any provision of thi s Agreement or the fa i lure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to effect

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a Term ination for Good Reason shall not be deemed to be a wai ver of such provision of right or any other provision or right of this Agreement.

(g) This Agreement, the Invention Assignment Agreement, and al l agreements, documents, instruments , schedules, exhibi ts or certificates prepared in connection herewith, represent the entire understand ing and agreement between the parties with respect to the subject matter hereof, supersede all prior agreements or negotiations between such parties and may be amended, supplemented or changed only by an agreement i n wri ting which makes speci fic reference to this Agreement or the agreement or docu ment delivered pursuant hereto , as the case may be, and which is signed by the party agai nst whom enforcement of any such amendment, supplement or mod ification is sought.

SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS WHEREOF , the Company and the Executive have executed this Agreement as of the date first above written.

THE EXECUTIVE: THE COM PAN Y :

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/s/ Nicholas. J Petcoff
NICHOLAS J. PETCOFF

CONIFER HOLDINGS, INC.
/s/ Brian J. Roney
Name: Brian J. Roney
Title: President

SIGNATURE PAGE TO EMPLOYMENT AGR EEMENT

EXH IBIT A

FORM OF WAIVER AND RELEASE

PLEASE READ THIS WAIVER AND RELEASE (THIS *"RELEASE")* CAREFULLY. IT INCLU DES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS UP TO AND INCLUDING THE DATE OF EXECUTION OF THIS WAIVER AND RELEASE. ,

1. For and i n consideration of the payments and other benefits due to [I.!::i:sert Na me) (the *"Executive")* pursuaqt" *A/,.* t,hat certain Employment Agreement (the *"Employment Agreement")* dated [.6,l'i5 tiffii between CONIFER HOLDI NGS, INC., a Michi gan corporation (the *"Company"),* and the Executive, and for other good and valuable consideration , including the mutual promises made herei n, the Executive and the Company irrevocably and unconditionally release and forever discharge each other and each and all of thei r present and former officers, agents, directors, managers , employees , representatives , affiliates, shareholders , members , and each of their successors, hei rs and assigns, and all persons acting by , through , under or in concert with it, and in each case ind ividually and in thei r official capaci ties (collectivel y,

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the *"Released Parties")* , from any and all charges, complai nts, grievances , claims and liabilities of any kind or nature whatsoever, known or unknown , suspected or unsuspected (hereinafter referred to as *"claim"* or *"claims")* which either party at any time heretofore had or claimed to have or which either party may have or claim to have regard ing events that have occurred up to and incl udi ng the date of the execution of this Release, includ ing, without limitation , any and all claims related , i n any manner , to the Executive's employment or the termi nation thereof. In particular , each party understands and agrees that the parties' release includes, without l imitation, all matters arising under any federal, state, or local law, incl ud i ng civil rights laws and regulations prohibiting employment d i scrimination on the basis of race, color, religion , age, sex, national origin , ancestry , disabil i ty, med ical cond ition, veteran status, mari tal status and sexual orientation, or any other characteristic protected by federal , state or local law including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967, as amended *("ADEA"),* the Older Workers Benefit Protection Act of 1990, as amended *("OWBPA"),* the Americans with Disabilities Act, the Rehabilitation Act, the Occupational Safety and Health Act, the Fam il y and Med ical Leave Act , the Employee Reti rement Income Security Act of 1974, as amended (except as to vested retirement benefits, if any), the Worker Adjustment and Retrai ning Notification Act , federal and state wage and hour laws, or any common law, pu blic pol icy, contract (whether oral or written, express or impl ied) or tort law, or any other federal , state or local law, regulation , ord inance or rule having any bearing whatsoever.

2. The Execu tive m ust sign and retu rn this Release to th e Com pany on or befo re the 30111 day following the Term ination Date (as defined in the Em ploy m ent Agreemen t). The Execu tive can revoke this Release on or before the seven th d ay following the date of delivery of this Release to the Compa ny, by sending w ritten notifica tion of the Executive's inten t to revoke this Release to the Compa ny. This Release shall not becom e effective or enforcea ble u ntil the seven-da y revoca tion period has expired. All correspondence pu rsuant to this Section 2 must be sent to the attention of the Corpora te Secreta ry at [, by personal delivery or gua ra n teed overnight delivery.

EX HIBIT A - I

3.The Executive and the Company acknowledge that they may have sustained losses that are currentl y unknown or unsuspected , and that such damages or losses could give rise to add itional causes of action, claims, demands and debts i n the future. Nevertheless , the Executive and the Company each acknowledge that this Release has been agreed upon i n light of this realization and, being fully aware of this situation, the Executive and the Company nevertheless intend to release each other from any and all such unknown claims, i ncl ud ing damages which are unknown or unantici pated. The parties understand the word "clai ms" to include all actions, claims, and grievances, whether actual or potential, known or unknown , and specifically but not exclusively all claims arising out of the Executive's employment and the termi nation thereof. All such "clai ms" (incl ud ing related attorneys' fees and costs) are forever barred by this Release and without regard to whether those claims are based on any alleged breach of a duty arising i n a statute, contract, or tort; any alleged unlawful act, includ ing, without l imitation, age discrimination; any other claim or cause of action; and regard less of the forum in which it might be brought.

4.Notwithstand ing anything else herein to the contrary, thi s Release shall not affect, and the Executive and the Company , as applicable, do not waive or release: (a) rights to indemnification the Executive may have under (i) applicable law, (ii) any other agreement between the Executive and a Released Party and (i ii) as an insured under any d irector 's and officer's liabi l ity or other insurance pol icy now or previously i n force; (b) any ri ght the Executive may have to obtain contribution in the event of the entry of judgment against the Executive as a result of any act or failure to act for which both the Executive and any of the Company or its affiliates or subsidiaries (collectively, the ***"Affiliated Entities")*** are or may be joi ntly responsible; (c) the Executive's rights to benefits and payments under any stock options, restricted stock, restricted stock units or other incentive plans or under any retirement plan, welfare benefit plan or other benefit or deferred compensation plan, all of which shall remai n in effect i n accordance with the terms

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and provisions of such benefit and/or incenti ve plans and any agreements under which such stock options, restricted shares, restricted stock units or other
awards or incentives were granted or benefits were made available; (d) the Executive's rights as a shareholder of any of the Affiliated Entities; (e) any obligations of the Affil iated Entities under the Employment Agreement; (f) claims for improper self-dealing; improper d istributions and other limitations imposed by applicable law; (g) any finally and jud icially determined , knowing violation of the law by the Executive that has a material and adverse impact on the Company;
(h) any fraud or other intentional misconduct by the Executive that has a material and adverse impact on the Company; (i) any material violation of any confident ial ity, nonsol icitation or noncompetition agreement or provision executed by the Executive; or U) any other cla im not subject to release by operation of law.

5. The Executive acknowledges and agrees that the Executive: (a) has been given at least 21 days within which to consider this Release and its ramifications and discuss the terms of this Release with the Company before executing it (and that any mod ification of this Release, whether material or immaterial, will not restart or change the original 21 -day consideration period) and the Executive fully understands that by signing below the Executive is voluntaril y giving up any right which the Executive may have to sue or bri ng any other claims against the Released Parties, includ ing claims under the ADEA and OWBPA ; (b) has been given seven days after del ivering this Release to the Company to revoke this Release; (c) has been advised to consult legal counsel regard ing the terms of this Release; (d) has careful l y read and fully

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understands all of the provisions of this Release; (e) knowingly and voluntarily agrees to a l l of the terms set forth in this Release; and (f) knowingl y and voluntarily intends to be legal ly bou nd by the same. The Executive also understands that, notwithstand ing anything in this Release to the contrary, nothi ng i n this Release shall be construed to prohi bit the Executi ve from (y) fi l ing a charge or complai nt with the Equal Employment Opport unity Commiss ion or any other federal, state or local administrati ve or regulatory agency, or (z) partici pati ng in any investigation or proceedings conducted by the Equal Employment Opportu nity Commission or any other federal, state or local administrati ve or regulatory agency; however, the Executive expressly wa ives the right to any rel ief of any kind i n the event that the Eq ual Employment Opportunity Commission or any other federal, state or local administrative or regulatory agency pursues any claim on the Executive's behalf; provided, however, that nothi ng i n this Release prohibits Executive from partici pating i n and collecting awards under the Securities and Exchange Commission 's whist leblower program.

6. This Release is final and bind ing and may not be changed or mod ified except i n a writing signed by both parties.

[IN SERT NA M E]

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Dated:

Exhibit 21.1

Subsidiaries of Conifer Holdings, Inc.

Subsidiary	State of Formation
Conifer Insurance Company	Michigan
Red Cedar Insurance Company	District of Columbia
Sycamore Insurance Agency	Michigan
White Pine Insurance Company	Michigan
VSRM, Inc.	Michigan
Sycamore Specialty Underwriters, LLC (50% ownership)	Michigan

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EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement No. 333-206355 on Form S-8 of our report dated March 24, 2023 April 1, 2024, with respect to the consolidated financial statements and schedules, which appear in Conifer Holdings, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the U.S. Securities and Exchange Commission.

/s/ Plante & Moran, PLLC

East Lansing, MI

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April 1, 2024

Chicago, Illinois
March 27, 2023

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-206355 on Form S-8 of our report dated March 10, 2022, relating to the consolidated financial statements and financial statement schedules of Conifer Holdings, Inc. appearing in this Annual Report on Form 10-K of Conifer Holdings, Inc. for the year ended December 31, 2021.

/s/ DELOITTE & TOUCHE LLP

Detroit, Michigan
March 27, 2023

Exhibit 31.1

CO-CHIEF CHIEF EXECUTIVE OFFICER'S 302 CERTIFICATION

I, James G. Petcoff, certify that:

1. I have reviewed this Annual Report on Form 10-K of Conifer Holdings, 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.

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Date: March 27, 2023

/s/ James G. Petcoff

James G. Petcoff

Co-Chief Executive Officer

(principal executive officer)

Exhibit 31.2

CHIEF FINANCIAL OFFICER'S 302 CERTIFICATION

I, Nicholas J. Petcoff, certify that:

1. I have reviewed this Annual Report on Form 10-K of Conifer Holdings, 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.

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Date: March 27, 2023 April 1, 2024

/s/ Nicholas J. Petcoff

Nicholas J. Petcoff

Co-Chief Chief Executive Officer
(principal executive officer)

Exhibit 31.3 31.2

CHIEF FINANCIAL OFFICER'S 302 CERTIFICATION

I, Harold J. Meloche, certify that:

1. I have reviewed this Annual Report on Form 10-K of Conifer Holdings, 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;

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(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: March 27, 2023 April 1, 2024

/s/ Harold J. Meloche

Harold J. Meloche

Chief Financial Officer

(principal financial officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Conifer Holdings, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James G. Petcoff, Co-Chief Executive Officer of the Company, certify,

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pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: March 27, 2023

/s/ James G. Petcoff

James G. Petcoff

Co-Chief Executive Officer

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Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Conifer Holdings, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nicholas J. Petcoff, Co-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:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 27, 2023 April 1, 2024

/s/ Nicholas J. Petcoff

Nicholas J. Petcoff

Co-Chief Chief Executive Officer

Exhibit 32.3 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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In connection with the Annual Report of Conifer Holdings, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Harold J. Meloche, 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:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 27, 2023 April 1, 2024

/s/ Harold J. Meloche

Harold J. Meloche

Chief Financial Officer

CONIFER HOLDINGS, INC.

COMPENSATION RECOVERY POLICY

Adopted and approved on November 29, 2023 and Effective as of December 1, 2023

1. PURPOSE. CONIFER HOLDINGS, INC., a Michigan corporation (the ***"Company"***) is committed to promoting high standards of honest and ethical business conduct and compliance with applicable laws, rules and regulations. As part of this commitment, the Company has adopted this Compensation Recovery Policy (this ***"Policy"***). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the ***"Exchange Act"***) and explains when the Company will be required to seek recovery of Incentive Compensation awarded or paid to a Covered Person. Please refer to EXHIBIT A attached hereto (the ***"Definitions Exhibit"***) for the definitions of capitalized terms used throughout this Policy. Each Executive Officer shall be required to sign and return to the Company the Acknowledgement Form attached hereto as Exhibit B pursuant to which such Executive Officer will agree to be bound by the terms and comply with this Policy.

2. MISCALCULATION OF FINANCIAL REPORTING MEASURE RESULTS. In the event of a Restatement, the Company will seek to recover, reasonably promptly, all Recoverable Incentive Compensation from a Covered Person. Such recovery, in the case of a Restatement, will be made without regard to any individual knowledge or responsibility related to the Restatement. Notwithstanding the foregoing, if the Company is required to undertake a Restatement, the Company will not be required to recover the Recoverable Incentive Compensation if the Compensation Committee determines it Impracticable to do so, after exercising a normal due process review of all the relevant facts and circumstances. In no event shall the Company be required to award a Covered Person an additional payment if the restated or accurate financial results would have resulted in a higher Incentive Compensation payment. If such Recoverable Incentive Compensation was not awarded or paid on a formulaic basis, the Company will seek to recover the amount that the Compensation Committee determines in good faith should be recouped.

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3. Other Actions. The Compensation Committee may, subject to applicable law, seek recovery in the manner it chooses, including by seeking reimbursement from the Covered Person of all or part of the compensation awarded or paid, by electing to withhold unpaid compensation, by set-off, or by rescinding or canceling unvested stock. In the reasonable exercise of its business judgment under this Policy, the Compensation Committee may in its sole discretion determine whether and to what extent additional action is appropriate to address the circumstances surrounding a Restatement to minimize the likelihood of any recurrence and to impose such other discipline as it deems appropriate. In the event the Company is required to recover the Recoverable Incentive Compensation from a Covered Person who is no longer an employee, the Company will be entitled to seek such recovery regardless of the terms of any release of claims or separation agreement such individual may have signed.

4. No Indemnification or Reimbursement. Notwithstanding the terms of any other policy, program, agreement or arrangement, in no event will the Company or any of its

affiliates indemnify or reimburse a Covered Person for any loss under this Policy and in no event will the Company or any of its affiliates pay premiums on any insurance policy that would cover a Covered Person's potential obligations with respect to Recoverable Incentive Compensation under this Policy.

5. Administration of Policy. The Compensation Committee will have full authority to administer this Policy. The Compensation Committee will, subject to the provisions of this Policy and Rule 10D-1 of the Exchange Act, and the Company's applicable exchange listing standards, make such determinations and interpretations and take such actions in connection with this Policy as it deems necessary, appropriate or advisable. All determinations and interpretations made by the Compensation Committee will be final, binding and conclusive.

6. Other Claims and Rights. The remedies under this Policy are in addition to, and not in lieu of, any legal and equitable claims the Company or any of its affiliates may have or any actions that may be imposed by law enforcement agencies, regulators, administrative bodies, or other authorities. Further, the exercise by the Compensation Committee of any rights pursuant to this Policy will not impact any other rights that the Company or any of its affiliates may have with respect to any Covered Person subject to this Policy.

7. Acknowledgement by Covered Persons; Condition to Eligibility for Incentive Compensation. The Company will provide notice and seek acknowledgement of this Policy from each Covered Person, provided that the failure to provide such notice or obtain such acknowledgement will have no impact on the applicability or enforceability of this Policy. After the Effective Date, the Company must be in receipt of a Covered Person's acknowledgement as a condition to such Covered Person's eligibility to receive Incentive Compensation. All Incentive Compensation subject to this Policy will not be earned, even if already paid, until the Policy ceases to apply to such Incentive Compensation and any other vesting conditions applicable to such Incentive Compensation are satisfied.

8. Amendment; Termination. The Board or the Compensation Committee may amend or terminate this Policy at any time.

9. Effectiveness. Except as otherwise determined in writing by the Compensation Committee, this Policy will apply to any Incentive Compensation that is Received by a Covered Person on or after the Effective Date. This Policy will survive and continue notwithstanding any termination of a Covered Person's employment with the Company and its affiliates.

10. Successors. This Policy shall be binding and enforceable against all Covered Persons and, to the extent required or allowed by applicable law, their successors, beneficiaries, heirs, executors, administrators, or other legal representatives.

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Exhibit A

Conifer Holdings, Inc.

Compensation Recovery Policy

Definitions Exhibit

"Applicable Period" means the three completed fiscal years of the Company immediately preceding the earlier of (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes (or reasonably should have concluded) that a Restatement is required or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement. The "Applicable Period" also includes any transition period (that results from a change in the Company's fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence.

"Board" means the Board of Directors of the Company.

"Compensation Committee" means the Company's committee of independent directors responsible for executive compensation decisions, or in the absence of such a committee, a majority of the independent directors serving on the Board.

"Covered Person" means any person who is, or was at any time, during the Applicable Period, an Executive Officer of the Company. For the avoidance of doubt, a Covered Person may include a former Executive Officer that left the Company, retired, or transitioned to an employee role (including after serving as an Executive Officer in an interim capacity) during the Applicable Period.

"Effective Date" means December 1, 2023.

"Executive Officer" means the Company's president, principal executive officer, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person (including an officer of the Company's parent(s) or subsidiaries) who performs similar policy-making functions for the Company.

"Financial Reporting Measure" means a measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements (including but not limited to, "non-GAAP" financial measures, such as those appearing in the Company's earnings releases or Management Discussion and Analysis), and any measure that is derived wholly or in part from such measure. Stock price and total shareholder return (and any measures derived wholly or in part therefrom) shall be considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented in the Company's financial statements or included in a filing with the SEC.

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"Impracticable" - the Compensation Committee may determine in good faith that recovery of Recoverable Incentive Compensation is "Impracticable" if: (i) pursuing such recovery would violate home country law of the jurisdiction of incorporation of the Company where that law was adopted prior to November 28, 2022 and the Company provides an opinion of home country counsel to that effect acceptable to the Company's applicable listing exchange; (ii) the direct expense paid to a third party to assist in enforcing this Policy would exceed the Recoverable Incentive Compensation and the Company has (A) made a reasonable attempt to recover such amounts and (B) provided documentation of such attempts to recover to the Company's applicable listing exchange; or (iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended.

"Incentive Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive Compensation does not include any base salaries (except with respect to any salary increases earned wholly or in part based on the attainment of a Financial Reporting Measure performance goal); bonuses paid solely at the discretion of the Compensation Committee or Board that are not paid from a "bonus pool" that is determined by satisfying a Financial Reporting Measure performance goal; bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period; non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures; and equity awards that vest solely based on the passage of time and/or attaining one or more non-Financial Reporting Measures.

"Received" -Incentive Compensation is deemed "Received" in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

"Recoverable Incentive Compensation" means the amount of any Incentive Compensation (calculated on a pre-tax basis) Received by a Covered Person during the Applicable Period that is in excess of the amount that otherwise would have been Received if the calculation were based on the Restatement. For the avoidance of doubt Recoverable Incentive Compensation does not include any Incentive Compensation Received by a person (i) before such person began service in a position or capacity meeting the definition of an Executive Officer, (ii) who did not serve as an Executive Officer at any time during the performance period for that Incentive Compensation, or (iii) during any period the Company did not have a class of its securities listed on a national securities exchange or a national securities association. For Incentive Compensation based on (or derived from) stock price or total shareholder return where the amount of Recoverable Incentive Compensation is not subject to mathematical recalculation directly from the information in the applicable Restatement, the amount will be determined by the Compensation Committee based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive Compensation was Received (in which case, the Company will maintain documentation of such determination of that reasonable estimate and provide such documentation to the Company's applicable listing exchange).

"Restatement" means an accounting restatement of any of the Company's financial statements filed with the Securities and Exchange Commission under the Exchange Act, or the Securities Act of 1933, as amended, due to the Company's material noncompliance with any financial reporting requirement under U.S. securities laws, regardless of whether the Company or Covered Person misconduct was the cause for such restatement. "Restatement" includes any required

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accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as “Big R” restatements), or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as “little r” restatements).

Exhibit B

Conifer Holdings, Inc.

Compensation Recovery Policy

Acknowledgement Form

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Conifer Holdings, Inc. Compensation Recovery Policy (the “***Policy***”). Capitalized terms used but not otherwise defined in this Acknowledgement Form (the “***Acknowledgement Form***”) shall have the meanings ascribed to such terms in the Policy.

As a condition of receiving Incentive Compensation from the Company, the undersigned agrees that any Incentive Compensation is subject to recovery pursuant to the terms of the Policy, and further agrees to abide by the terms of the Policy, including, without limitation, by returning any Recoverable Incentive Compensation to the Company reasonably promptly to the extent required by, and in a manner permitted by, the Policy, as determined by the Committee in its sole discretion. To the extent the Company’s recovery right conflicts with any other contractual rights the undersigned may have with the Company, the undersigned understands that the terms of the Policy shall supersede any such contractual rights. The terms of the Policy shall apply in addition to any right of recoupment against the undersigned under applicable law and regulations. By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned’s employment with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Recoverable Incentive Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner permitted by, the Policy.

Signature:	/s/ Brian J. Roney
Printed name:	Brian J. Roney
Title:	President
Date:	November 29, 2023

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Report of Independent Registered Public Accounting Firm
on Supplemental Information

To the Board of Directors and Shareholders
Conifer Holdings, Inc.

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements of Conifer Holdings, Inc. (the “Company”) as of and for the year ended December 31, 2023 and issued our report thereon dated April 1, 2024, which expressed an unqualified opinion on those consolidated financial statements and is included at Item 8 in this Form 10-K. The supplemental information contained in the consolidated financial statement schedules of the Company in the accompanying index at Item 15 in this Form 10-K has been subjected to audit procedures performed in conjunction with the audit of the Company's consolidated financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the consolidated financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

East Lansing, MI
April 1, 2024

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