UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2024

or

o **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: 001-39367

Lemonade, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**32-0469673**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
5 Crosby Street, 3rd Floor **New York , New York**	**10013**
(Address of principal executive offices)	**(Zip Code)**

(844) 733-8666
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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, $0.00001 par value per share	LMND	New York Stock Exchange
Warrants to Purchase Common Stock	LMND.WS	New York Stock Exchange American

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 x No ☐

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

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

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o
		Emerging growth company	o

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. o

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

As of July 30, 2024, the registrant had 71,027,947 shares of common stock, $0.00001 par value per share, outstanding.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the "Quarterly Report") contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical fact contained in this Quarterly Report, including without limitation statements regarding our future results of operations and financial position, our ability to attract, retain and expand our customer base, our ability to operate under and maintain our business model, our ability to maintain and enhance our brand and reputation, our ability to effectively manage the growth of our business, the effects of seasonal trends on our results of operations, our ability to attain greater value from each customer, our ability to compete effectively in our industry, the future performance of the markets in which we operate, our ability to maintain reinsurance contracts, the impact of the evolving conflict in Israel and surrounding region and the plans and objectives of management for future operations and capital expenditures are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential”, or “continue” or the negative of these terms or other similar expressions. The forward-looking statements in this Quarterly Report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of important factors that could cause actual results to differ materially from those in the forward-looking statements, including:

- We have a history of losses and we may not achieve or maintain profitability in the future.
- Our success and ability to grow our business depend on retaining and expanding our customer base. If we fail to add new customers or retain current customers, our business, revenue, operating results and financial condition could be harmed.
- The "Lemonade" brand may not become as widely known as incumbents' brands or the brand may become tarnished.
- Denial of claims or our failure to accurately and timely pay claims could materially and adversely affect our business, financial condition, results of operations, and prospects.
- Our future revenue growth and prospects depend on attaining greater value from each user.
- Reinsurance may be unavailable at current levels and prices, which may limit our ability to write new business and impact our capital needs. Furthermore, reinsurance subjects us to counterparty risk and may not be adequate to protect us against losses, which could have a material adverse effect on our results of operations and financial condition.
- Our limited operating history makes it difficult to evaluate our current business performance, implementation of our business model, and our future prospects.
- We may not be able to manage our growth effectively.
- Our proprietary artificial intelligence algorithms may not operate properly or as we expect them to, which could cause us to write policies we should not write, price those policies inappropriately or overpay claims that are made by our customers.
- Intense competition in the segments of the insurance industry in which we operate could negatively affect our ability to attain or increase profitability.
- Failure to maintain our risk-based capital at the required levels could adversely affect the ability of our insurance subsidiaries to maintain regulatory authority to conduct our business.

- If we are unable to expand our product offerings, our prospects for future growth may be adversely affected.
- The novelty of our business model makes its efficacy unpredictable and susceptible to unintended consequences.
- We could be forced to modify or eliminate our Giveback, which could undermine our business model and have a material adverse effect on our results of operations and financial condition.
- Regulators may limit our ability to develop or implement our proprietary artificial intelligence algorithms, and/or may eliminate or restrict the confidentiality of our proprietary technology, which could have a material adverse effect on our financial condition and results of operations.
- Existing and new legislation or legal requirements may affect how we communicate with our customers, which could have a material adverse effect on our business model, financial condition, and results of operations.
- The insurance business, including the market for renters, homeowners, pet and car insurance, is historically cyclical in nature, and we may experience periods with excess underwriting capacity and unfavorable premium rates, which could adversely affect our business.
- We rely on artificial intelligence, telematics, mobile technology and our digital platforms to collect data that we evaluate in pricing and underwriting our insurance policies, managing claims and customer support, and improving business processes, and any legal or regulatory requirements that prohibit or restrict our ability to collect or use this data could thus materially and adversely affect our business, financial condition, results of operations and prospects.
- We may require additional capital to grow our business, which may not be available on terms acceptable to us or at all.
- Security incidents or real or perceived errors, failures or bugs in our systems, website or app could impair our operations, result in loss of personal customer information, damage our reputation and brand, and harm our business and operating results.
- We are periodically subject to examinations by our primary state insurance regulators, which could result in adverse examination findings and necessitate remedial actions. In addition, insurance regulators of other states in which we are licensed to operate may also conduct examinations or other targeted investigations, which may also result in adverse examination findings and necessitate remedial actions.
- If we are unable to underwrite risks accurately and charge competitive yet profitable rates to our customers, our business, results of operations and financial condition will be adversely affected**.**
- Our product development cycles are complex and subject to regulatory approval, and we may incur significant expenses before we generate revenues, if any, from new products.
- Our expansion within the United States and any future international expansion strategy will subject us to additional costs and risks and our plans may not be successful.
- We are subject to extensive insurance industry regulations.
- State insurance regulators impose additional reporting requirements regarding enterprise risk on insurance holding company systems, with which we must comply as an insurance holding company.
- Severe weather events and other catastrophes, including the effects of climate change and global pandemics, are inherently unpredictable and may have a material adverse effect on our financial results and financial condition.
- Climate risks, including risks associated with disruptions caused by the transition to a low-carbon economy, could adversely affect our business, results of operations and financial condition.
- Increasing scrutiny, actions and changing expectations from investors, clients, regulators and our employees and other stakeholders with respect to environmental, social and governance ("ESG") matters may impose additional costs on us, impact our access to capital, or expose us to new or additional risks.

- Our agreement with General Catalyst may not function as expected, and its failure to do so could adversely impact our financial condition and results of operations.
- We expect our results of operations to fluctuate on a quarterly and annual basis. In addition, our operating results and operating metrics are subject to seasonality and volatility, which could result in fluctuations in our quarterly revenues and operating results or in perceptions of our business prospects.
- We rely on data from our customers and third parties for pricing and underwriting our insurance policies, handling claims and maximizing automation, the unavailability or inaccuracy of which could limit the functionality of our products and disrupt our business.
- Our results of operations and financial condition may be adversely affected due to limitations in the analytical models used to assess and predict our exposure to catastrophe losses.
- 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.
- Our insurance subsidiaries are subject to minimum capital and surplus requirements, and our failure to meet these requirements could subject us to regulatory action.
- We are subject to assessments and other surcharges from state guaranty funds, and mandatory state insurance facilities, which may affect our ability to achieve profitability.
- As a public benefit corporation, our focus on a specific public benefit purpose and producing a positive effect for society may negatively impact our financial performance.
- We conduct certain of our operations in Israel and therefore our results may be adversely affected by political, economic and military instability in Israel and the surrounding region.
- The factors described under the sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "Annual Report on Form 10-K") and in this Quarterly Report.

You should read this Quarterly Report and the documents that we reference in this Quarterly Report completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. In this Quarterly Report, unless we indicate otherwise or the context requires, "Lemonade," the “Company," "we," "our," "ours" and "us" refer to Lemonade, Inc. and its consolidated subsidiaries, including Lemonade Insurance Company, Lemonade Insurance Agency, LLC, and Metromile, LLC.

Where You Can Find More Information

Investors and others should note that we may use our website (https://https://investor.lemonade.com/home/default.aspx), our company account on X (formerly Twitter) (@Lemonade_Inc), and LinkedIn (@Lemonade-Inc) as a means of disclosing information and for complying with our disclosure obligations under Regulation FD. The information we post through these channels may be deemed material. Accordingly, in addition to reviewing our press releases, SEC filings, and public conference calls, investors should monitor these channels. The contents of our website and social media channels are not part of this Quarterly Report on Form 10-Q.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

LEMONADE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

($ in millions, except share and per share amounts)

	As of	
	June 30, 2024	December 31, 2023
	(Unaudited)	
Assets		
Investments		
Fixed maturities available-for-sale, at fair value (amortized cost: $ 540.5 million and $ 632.0 million as of June 30, 2024 and December 31, 2023, respectively)	$ 537.2	$ 627.4
Short-term investments (cost: $ 44.0 million and $ 45.8 million as of June 30, 2024 and December 31, 2023, respectively)	44.0	45.8
Total investments	581.2	673.2
Cash, cash equivalents and restricted cash	349.7	271.5
Premium receivable, net of allowance for credit losses of $ 2.5 million and $ 2.5 million as of June 30, 2024 and December 31, 2023, respectively	259.7	222.0
Reinsurance recoverable	203.0	138.4
Prepaid reinsurance premium	218.2	196.3
Deferred acquisition costs	11.2	8.8
Property and equipment, net	16.3	17.4
Intangible assets	18.2	22.9
Goodwill	19.0	19.0
Other assets	37.4	63.8
Total assets	$ 1,713.9	$ 1,633.3
Liabilities and Stockholders' Equity		
Unpaid loss and loss adjustment expense	$ 282.2	$ 262.3
Unearned premium	397.6	353.7
Trade payables	0.6	0.6
Funds held for reinsurance treaties	157.3	128.8
Deferred ceding commission	46.3	41.4
Ceded premium payable	29.6	23.2
Borrowings under financing agreement	43.9	14.9
Other liabilities and accrued expenses	121.2	99.5
Total liabilities	1,078.7	924.4
Commitments and Contingencies (Note 15)		
Stockholders' equity		
Common stock, $ 0.00001 par value, 200,000,000 shares authorized; 71,002,862 and 70,163,703 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	—	—
Additional paid-in capital	1,844.9	1,814.5
Accumulated deficit	(1,201.1)	(1,096.6)
Accumulated other comprehensive loss	(8.6)	(9.0)
Total stockholders' equity	635.2	708.9
Total liabilities and stockholders' equity	$ 1,713.9	$ 1,633.3

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

LEMONADE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

($ in millions, except share and per share amounts)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue				
Net earned premium	$ 89.3	$ 76.5	$ 173.7	$ 144.7
Ceding commission income	16.5	17.5	37.5	34.7
Net investment income	8.1	5.6	15.7	10.6
Commission and other income	8.1	5.0	14.2	9.8
Total revenue	122.0	104.6	241.1	199.8
Expense				
Loss and loss adjustment expense, net	70.5	75.9	136.4	139.5
Other insurance expense	18.8	15.0	36.1	28.6
Sales and marketing	36.8	24.8	67.2	53.0
Technology development	21.2	24.1	42.1	45.9
General and administrative	29.8	30.7	59.6	63.4
Total expense	177.1	170.5	341.4	330.4
Loss before income taxes	(55.1)	(65.9)	(100.3)	(130.6)
Income tax expense	2.1	1.3	4.2	2.4
Net loss	$ (57.2)	$ (67.2)	$ (104.5)	$ (133.0)
Other comprehensive loss, net of tax				
Unrealized gain on investments in fixed maturities	1.3	1.2	2.0	7.2
Foreign currency translation adjustment	(0.7)	0.1	(1.6)	(0.6)
Comprehensive loss	$ (56.6)	$ (65.9)	$ (104.1)	$ (126.4)
Per share data:				
Net loss per share attributable to common stockholders—basic and diluted	$ (0.81)	$ (0.97)	$ (1.48)	$ (1.92)
Weighted average common shares outstanding—basic and diluted	70,721,227	69,534,731	70,502,856	69,434,971

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

LEMONADE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

($ in millions, except share amounts)

(Unaudited)

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
Balance as of December 31, 2023	70,163,703	$ —	$ 1,814.5	$ (1,096.6)	$ (9.0)	$ 708.9
Exercise of stock options and distribution of restricted stock units	314,385	—	0.1	—	—	0.1
Stock-based compensation	—	—	14.9	—	—	14.9
Net loss	—	—	—	(47.3)	—	(47.3)
Other comprehensive loss	—	—	—	—	(0.2)	(0.2)
Balance as of March 31, 2024	70,478,088	$ —	$ 1,829.5	$ (1,143.9)	$ (9.2)	$ 676.4
Exercise of stock options and distribution of restricted stock units	343,693	—	—	—	—	—
Exercise of warrant shares	181,081	—	—	—	—	—
Stock-based compensation	—	—	15.4	—	—	15.4
Net loss	—	—	—	(57.2)	—	(57.2)
Other comprehensive income	—	—	—	—	0.6	0.6
Balance as of June 30, 2024	71,002,862	$ —	$ 1,844.9	$ (1,201.1)	$ (8.6)	$ 635.2
Balance as of December 31, 2022	69,275,030	$ —	$ 1,754.1	$ (859.7)	$ (27.6)	$ 866.8
Exercise of stock options and distribution of restricted stock units	174,318	—	0.1	—	—	0.1
Stock-based compensation	—	—	15.4	—	—	15.4
Net loss	—	—	—	(65.8)	—	(65.8)
Other comprehensive income	—	—	—	—	5.3	5.3
Balance as of March 31, 2023	69,449,348	$ —	$ 1,769.6	$ (925.5)	$ (22.3)	$ 821.8
Exercise of stock options and distribution of restricted stock units	218,828	—	0.3	—	—	0.3
Stock-based compensation	—	—	14.8	—	—	14.8
Net loss	—	—	—	(67.2)	—	(67.2)
Other comprehensive income	—	—	—	—	1.3	1.3
Balance as of June 30, 2023	69,668,176	$ —	$ 1,784.7	$ (992.7)	$ (21.0)	$ 771.0

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

LEMONADE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

($ in millions)

(Unaudited)

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	$ (104.5)	$ (133.0)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	10.2	10.2
Stock-based compensation	30.3	30.2
Amortization of premium on bonds	(2.8)	—
Provision for bad debt	5.3	3.9
Asset impairment charge	0.3	—
Changes in operating assets and liabilities:		
Premium receivable	(43.0)	(22.1)
Reinsurance recoverable	(64.6)	(7.6)
Prepaid reinsurance premium	(21.9)	(2.1)
Deferred acquisition costs	(2.4)	0.3
Other assets	26.4	5.2
Unpaid loss and loss adjustment expense	19.9	(0.6)
Unearned premium	43.9	27.9
Trade payables	—	(0.4)
Funds held for reinsurance treaties	28.5	(6.7)
Deferred ceding commissions	4.9	1.9
Ceded premium payable	6.4	0.8
Other liabilities and accrued expenses	21.6	(4.6)
Net cash used in operating activities	(41.5)	(96.7)
Cash flows from investing activities:		
Proceeds from short-term investments sold or matured	44.0	63.2
Proceeds from bonds sold or matured	219.6	216.0
Cost of short-term investments acquired	(41.7)	(52.2)
Cost of bonds acquired	(125.7)	(218.0)
Purchases of property and equipment	(4.0)	(4.6)
Net cash provided by investing activities	92.2	4.4
Cash flows from financing activities:		
Proceeds from borrowings under financing agreement	39.7	—
Payments on borrowings under financing agreement	(10.7)	—
Proceeds from stock exercises	0.1	0.3
Net cash provided by financing activities	29.1	0.3
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1.6)	(0.7)
Net increase (decrease) in cash, cash equivalents and restricted cash	78.2	(92.7)
Cash, cash equivalents and restricted cash at beginning of period	271.5	286.5
Cash, cash equivalents and restricted cash at end of period	$ 349.7	$ 193.8
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 1.2	$ 0.3
Cash paid for interest expense on borrowings under financing agreement	$ 1.3	$ —

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

LEMONADE, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of the Business

Lemonade, Inc. is a public benefit corporation organized under Delaware law on June 17, 2015. It provides certain personnel, facilities and services to each of its subsidiaries (together with Lemonade, Inc., the "Company"), all of which are 100 % owned, directly or indirectly, by Lemonade, Inc. For the list of the Company's US and EU subsidiaries and for more complete descriptions and discussions, see Note 1 - Nature of the Business, of the audited consolidated financial statements and related notes thereto for the year ended December 31, 2023 as included in the Company's Annual Report on Form 10-K (the "Annual Report on Form 10-K").

2. Basis of Presentation

The accompanying interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of the Company and its wholly-owned subsidiaries and a variable interest entity for which the Company is deemed to be the primary beneficiary. All material intercompany transactions and balances have been eliminated upon consolidation. All foreign currency amounts in the condensed consolidated statement of operations and comprehensive loss have been translated using an average rate for the reporting period. All foreign currency balances in the condensed consolidated balance sheet have been translated using the spot rate at the end of the reporting period. All figures expressed, except share amounts, are in U.S. dollars in millions.

Risk and Uncertainties

Lemonade, Inc. conducts certain of its operations in Israel. The evolving conflict in Israel and surrounding region has increased global economic and political uncertainty. There is still uncertainty regarding the extent to which the war and its broader macroeconomic implications will impact our operations in Israel. The Company will continue to evaluate the extent to which this may impact our business, financial condition, or results of operations.

Unaudited interim financial information

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for the fair presentation of its financial position and its results of operations, changes in stockholders' equity and cash flows. The condensed consolidated balance sheet at December 31, 2023 was derived from the audited annual financial statements and does not contain all of the footnote disclosures from the audited annual financial statements of the Company. The accompanying unaudited condensed consolidated financial statements and related financial information should be read in conjunction with the audited consolidated financial statements and the related notes thereto for the fiscal year ended December 31, 2023 as included in the Company's Annual Report on Form 10-K .

3. Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. On an ongoing basis, the Company's management evaluates estimates, including those related to contingent assets and liabilities as of the date of the consolidated financial statements as well as the reported amounts of revenue and expense during the reporting period. Such estimates are based on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities at the dates of the condensed consolidated financial statements, and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates. Significant estimates reflected in the Company's condensed consolidated financial statements include, but are not limited to, reserves for loss and loss adjustment expense, reinsurance recoverable on unpaid losses and valuation allowance on deferred tax assets .

4. Summary of Significant Accounting Policies

Cash, cash equivalents and restricted cash

The following represents the Company's cash, cash equivalents and restricted cash as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Cash and cash equivalents	$ 343.2	$ 264.5
Restricted cash	6.5	7.0
Total cash, cash equivalents and restricted cash	$ 349.7	$ 271.5

Cash and cash equivalents consist primarily of bank deposits and money market accounts with maturities of three months or less at the date of acquisition and are stated at cost, which approximates fair value. The Company's restricted cash primarily relates to insurance policy premiums collected by the Company that it holds in a segregated cash account for transmittal to the underwriting carrier, or settlement of insurance related claims. The carrying value of restricted cash approximates fair value. The Company also has restricted cash relating to security deposits for certain office leases.

New Accounting Pronouncements

Recently Issued Accounting Pronouncement Pending Adoption

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting - Improvements to Reportable Segment Disclosures,* requiring disclosure of significant expenses for each reportable segment and amount regularly provided to the Chief Operating Decision Maker ("CODM") and included in the reported measure(s) of the segment profit or loss. This ASU also clarifies that single reportable segment entities are subject to the required disclosures in its entirety under Accounting Standards Codification ("ASC") Topic 280, *Segment Reporting*. The ASU does not change the identification and determination of its operating segments, aggregation of operating segments or application of quantitative thresholds to determine its reportable segments. This ASU is effective for fiscal years beginning after December 15, 2023 and interim periods beginning after December 15, 2024. Amendments in the ASU apply retrospectively to all periods presented in the financial statements unless impracticable to do so. The Company is currently evaluating the impact of this standard.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes - Improvement to Income Tax Disclosures,* requiring enhancements and further transparency to certain income tax disclosures, most notably the tax rate reconciliation and income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024 on a prospective basis and retrospective application is permitted. The Company is currently evaluating the impact of this standard.

There are no other new accounting standards identified and not yet implemented that are expected to have a material effect on the Company's consolidated financial statements.

5. Investments

Unrealized gains and losses

The following tables present cost or amortized cost and fair values of investment in fixed maturities as of June 30, 2024 and December 31, 2023 ($ in millions):

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
June 30, 2024				
Corporate debt securities	$ 438.8	$ 0.3	$ (3.2)	$ 435.9
U.S. Government obligations	88.9	—	(0.4)	88.5
Asset-backed securities	12.8	—	—	12.8
Total	$ 540.5	$ 0.3	$ (3.6)	$ 537.2
December 31, 2023				
Corporate debt securities	$ 453.6	$ 1.3	$ (5.0)	$ 449.9
U.S. Government obligations	176.8	0.4	(1.3)	175.9
Asset-backed securities	1.6	—	—	1.6
Total	$ 632.0	$ 1.7	$ (6.3)	$ 627.4

Gross unrealized losses for fixed maturities was $ 3.6 million as of June 30, 2024 and $ 6.3 million as of December 31, 2023. Gross unrealized gains and losses were recorded as a component of accumulated other comprehensive loss.

Contractual maturities of bonds

The following table presents the cost or amortized cost and estimated fair value of investments in fixed maturities as of June 30, 2024 by contractual maturity ($ in millions). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	June 30, 2024	
	Cost or Amortized Cost	Fair Value
Due in one year or less	$ 175.5	$ 173.9
Due after one year through five years	365.0	363.3
Due after five years through ten years	—	—
Due after ten years	—	—
Total	$ 540.5	$ 537.2

Net investment income

Details of the Company's net investment income is as follows ($ in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Interest on cash and cash equivalents	$ 2.2	$ 1.0	$ 3.7	$ 2.2
Fixed maturities	5.6	4.0	11.4	6.9
Short-term investments	0.4	0.7	0.8	1.7
Total	8.2	5.7	15.9	10.8
Investment expense	0.1	0.1	0.2	0.2
Net investment income	$ 8.1	$ 5.6	$ 15.7	$ 10.6

Investment gains and losses

The Company had a pre-tax net realized capital gain of less than $ 0.1 million for the three and six months ended June 30, 2024 and a pre-tax net realized capital loss of less than $ 0.1 million for the three and six months ended June 30, 2023, which were included in "Commission and other income" in the consolidated statements of operations and comprehensive income.

Aging of gross unrealized losses

The following table presents the gross unrealized losses and related fair values for the Company's investment in fixed maturities, grouped by duration of time in a continuous unrealized loss position as of June 30, 2024 and December 31, 2023 ($ in millions):

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
June 30, 2024						
Corporate debt securities	$ 163.0	$ (0.9)	$ 145.9	$ (2.3)	$ 308.9	$ (3.2)
U.S. Government obligations	40.8	(0.2)	22.0	(0.2)	62.8	(0.4)
Asset-backed securities	9.9	—	—	—	9.9	—
Total	$ 213.7	$ (1.1)	$ 167.9	$ (2.5)	$ 381.6	$ (3.6)

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2023						
Corporate debt securities	$ 89.0	$ (1.2)	$ 178.3	$ (4.0)	$ 267.3	$ (5.2)
U.S. Government obligations	79.6	(0.2)	57.7	(0.9)	137.3	(1.1)
Asset-backed securities	—	—	0.2	—	0.2	—
Total	$ 168.6	$ (1.4)	$ 236.2	$ (4.9)	$ 404.8	$ (6.3)

As of June 30, 2024, 241 of the securities held were in an unrealized loss position. Investments in fixed maturities with gross unrealized losses for twelve months or more was $ 2.5 million and $ 4.9 million as of June 30, 2024 and December 31, 2023, respectively. The Company determined that unrealized losses on fixed maturities were primarily due to the interest rate environment, and not credit risk related to the issuers of these securities. The Company does not intend to sell these investments in fixed maturities, and it is not more likely than not that the Company will be required to sell these investments in fixed maturities before recovery of the amortized cost basis. No allowance for credit losses related to any of these securities was recorded for the three and six months ended June 30, 2024. The Company does not measure an allowance for credit losses on accrued interest receivable and would instead write off accrued interest receivable at the time an issuer defaults or is expected to default on payments.

Restricted investments

Restricted investments are held in a trust account securing the Company's insurance subsidiary's contractual obligations under the Property Catastrophe Excess of Loss reinsurance contract with a captive in Bermuda (see Note 7) which will not be released until the underlying risks have expired or have been settled. Restricted investments include certain investments in debt securities and short-term investments of $ 84.5 million as of June 30, 2024.

6. Fair Value Measurements

The following tables present the Company's fair value hierarchy for financial assets and liabilities measured as of June 30, 2024 and December 31, 2023 ($ in millions):

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Corporate debt securities	$ —	$ 435.9	$ —	$ 435.9
U.S. Government obligations	—	88.5	—	88.5
Asset-backed securities	—	12.8	—	12.8
Fixed maturities	$ —	$ 537.2	$ —	$ 537.2
Short term investments	—	44.0	—	44.0
Total	$ —	$ 581.2	$ —	$ 581.2
Financial Liabilities:				
Warrant Liability [1]	$ —	$ —	$ —	$ —

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Corporate debt securities	$ —	$ 449.9	$ —	$ 449.9
U.S. Government obligations	—	175.9	—	175.9
Asset-backed securities	—	1.6	—	1.6
Fixed maturities	$ —	$ 627.4	$ —	$ 627.4
Short term investments	—	45.8	—	45.8
Total	$ —	$ 673.2	$ —	$ 673.2
Financial Liabilities:				
Warrant Liability [1]	$ —	$ —	$ —	$ —

(1) Fair value of Public and Private warrant liability amounted to less than $ 0.1 million as of June 30, 2024 and December 31, 2023.

The fair value of all different classes of Level 2 fixed maturities and short-term investments are estimated by using quoted prices from a third-party valuation service provider to gather, analyze and interpret market information and derive fair values based upon relevant methodologies and assumptions for individual instruments.

There were no transfers between Level 1, Level 2, or Level 3 during the three and six months ended June 30, 2024 and for the year ended December 31, 2023.

Warrant liability

As part of the acquisition of Metromile, Inc. ("Metromile") in July 2022, public and private warrants were assumed from Metromile. These warrants do not meet the criteria for equity treatment and are recorded as a liability and presented under "Other liabilities and accrued expenses" on the consolidated balance sheets. These warrants are measured at fair value on a recurring basis at the end of each reporting period, with changes in fair value recognized and presented under "General and administrative expenses" in the consolidated statements of operations and comprehensive loss.

The public warrants liability is classified as Level 1 for fair value hierarchy disclosure purposes as of June 30, 2024, due to the use of an observable market quote in an active market, following the listing of the public warrants in the New York Stock Exchange American in March 2023. The private warrants liability is classified as Level 2 as the Company utilizes the observable prices of the public warrants in deriving the value of the private placement warrants. The change in fair value of the Public and Private warrant liability amounted to less than $ 0.1 million as of June 30, 2024 and December 31, 2023.

7. Unpaid Loss and Loss Adjustment Expense

The following table presents the activity in the liability for unpaid loss and loss adjustment expense ("LAE") for the six months ended June 30, 2024 and 2023 ($ in millions):

	June 30,	
	2024	2023
Unpaid loss and LAE at beginning of period	$ 262.3	$ 256.2
Less: Reinsurance recoverable at beginning of period (1)	120.2	124.6
Net unpaid loss and LAE at beginning of period	142.1	131.6
Add: Incurred loss and LAE, net of reinsurance, related to:		
Current year	145.0	140.8
Prior years	(8.6)	(1.3)
Total incurred	136.4	139.5
Deduct: Paid loss and LAE, net of reinsurance, related to:		
Current year	82.1	75.0
Prior years	51.9	59.7
Total paid	134.0	134.7
Unpaid loss and LAE, net of reinsurance recoverable, at end of period	144.5	136.4
Reinsurance recoverable at end of period (1)	137.7	119.2
Unpaid loss and LAE, gross of reinsurance recoverable, at end of period	$ 282.2	$ 255.6

(1) Reinsurance recoverable in this table includes only ceded unpaid loss and LAE.

Unpaid loss and LAE includes anticipated salvage and subrogation recoverable.

Considerable variability is inherent in the estimate of the reserve for losses and LAE. Although management believes the liability recorded for losses and LAE is adequate, the variability inherent in this estimate could result in changes to the ultimate liability, which may be material to stockholders' equity. Additional variability exists due to accident year allocations of ceded amounts in accordance with the reinsurance agreements, which is not expected to result in any changes to the ultimate liability. Other factors that can impact loss reserve development may also include trends in general economic conditions, including the effects of inflation. The Company had favorable development on net loss and LAE reserves of $ 8.6 million for the six months ended June 30, 2024, and favorable development on net loss and LAE reserves of $ 1.3 million for the six months ended June 30, 2023. The favorable loss development of $ 8.6 million is primarily due to better than expected loss reserve emergence on property and pet lines of business. No additional premiums or returned premiums have been accrued as a result of prior year effects.

In the ordinary course of business, the Company cedes losses and LAE to other reinsurance companies. These arrangements reduce the net loss potentially arising from large or catastrophic risks. Certain of these arrangements consist of excess of loss and catastrophe contracts, which protect against losses exceeding stipulated amounts. The ceding of risk through reinsurance does not relieve the Company from its obligations to policyholders. The Company remains liable with respect to losses and LAE ceded in the event that any reinsurer does not meet obligations assumed under the reinsurance agreements. The Company does not have any significant unsecured aggregate recoverable for losses, paid and unpaid including Incurred But Not Reported ("IBNR"), loss adjustment expenses, and unearned premium with any individual reinsurer.

The Company maintains proportional reinsurance contracts which cover all of the Company's products and geographies, and transferred, or “ceded,” a specified percentage of the premium to reinsurers ("Proportional Reinsurance Contracts"). In exchange, these reinsurers paid a ceding commission for every dollar ceded, in addition to funding all of the corresponding claims at the same specified percentage as applied to premium. The Company also opted to manage the remaining percentage of the business with alternative forms of reinsurance through non-proportional reinsurance contracts ("Non-Proportional Reinsurance Contracts").

The Company maintains proportional reinsurance contracts which provides 55 % protection on covered risks. The Company agreed to the terms of a reinsurance program effective July 1, 2023 through June 30, 2024 which included Whole Account Quota Share Reinsurance Contracts by and among the Company, Lemonade Insurance Company ("LIC"), Metromile Insurance Company ("MIC") and Lemonade Insurance N.V. ("LINV"), and each of Hannover Ruck SE, MAPFRE Re, and Swiss Reinsurance America Corporation (collectively referred to as “Reinsurers”) ("Reinsurance Program"). Under the Reinsurance Program, which covers all products and geographies, the Company transfers, or "cedes," a share of premium to the Reinsurers. In exchange, these Reinsurers pay the Company a ceding commission on all premiums ceded to the Reinsurers, in addition to funding the corresponding claims, subject to certain limitations, including but not limited to, the exclusion of hurricane losses, and a limit of $ 5,000,000 per occurrence for non-hurricane catastrophe losses. The overall share of proportional reinsurance under the Reinsurance Program is approximately 55 % of premium. The Per Risk Cap across the contracts is $ 750,000 . Additionally, the contracts are subject to loss ratio caps and variable ceding commission levels, which align the Company's interests with those of its Reinsurers, and is settled on a funds-withheld basis. The Reinsurance Program was renewed effective July 1, 2024 and will expire on June 30, 2025, with similar terms to the contracts that expired on June 30, 2024, except for the limit per occurrence for non-hurricane catastrophe losses which increased to $ 10,000,000 .

LIC and LINV entered into a Property Per Risk Excess of Loss Reinsurance Contract with a panel of reinsurance companies (the "PPR Contract"), and LIC entered into an Automatic Facultative Property Per Risk Excess of Loss Reinsurance Contract with Arch Re (the "Automatic Facultative PPR Contract"), each effective from July 1, 2023 until June 30, 2024. Under the PPR Contract, claims in excess of $ 750,000 are 100 % ceded up to a maximum recovery of $ 2,250,000 , subject to certain limitations. The PPR Contract was renewed at similar terms effective July 1, 2024 and will expire on June 30, 2025. The Automatic Facultative PPR Contract, in which claims in excess of $ 3,000,000 are 100 % ceded with a potential recovery of at least $ 10,000,000 , subject to certain limitations, expired on June 30, 2024, and was not renewed.

MIC entered into a Quota Share reinsurance agreement effective January 1, 2022 and expired on June 30, 2023 Under the terms of the agreement, the Company ceded 30 % of premiums and losses to reinsurers.

The Company also entered into a reinsurance program to protect against catastrophe risk in the U.S. that exceed $ 80,000,000 in losses effective July 1, 2022 and expired on June 30, 2023.

The Company entered into an Excess of Loss ("XOL") Reinsurance Contract through a captive in Bermuda in which the Company has variable interest, primarily to cover catastrophe risk over the initial $ 50,000,000 limit for each loss occurrence, and further subject to a limit of $ 80,000,000 for each loss occurrence and in aggregate, primarily on property and auto business underwritten by LIC. This XOL reinsurance contract became effective July 1, 2023 and expired on June 30, 2024. The Company renewed the XOL reinsurance contract, effective July 1, 2024 through June 30, 2025 at similar terms and was expanded to include risks written by MIC.

The Company is also exposed to some risks from MIC ceded through the Quota Share ("QS") Reinsurance Contract which is retained in an offshore captive subsidiary, Lemonade Re SPC. This QS reinsurance contract became effective July 1, 2023 and shall remain in force for an indefinite period until terminated by either party.

Through the offshore captives, the Company is exposed to the risk of natural catastrophe events and other covered risks under the reinsurance contracts from policies underwritten by LIC and MIC.

8. Borrowings under Financing Agreement

On June 28, 2023, the Company entered into a Customer Investment Agreement (the “Agreement”), with GC Customer Value Arranger, LLC (a General Catalyst company) ("GC"). Under the Agreement, up to $ 150 million of financing will be provided for the Company’s sales and marketing growth efforts. The Agreement has a commitment period of 18 months which expires on December 31, 2024 ("Original Commitment End Date"). Under the Agreement, subject to certain terms and conditions specified therein, at the start of each growth period, an Investment Amount of up to 80 % of the Company’s growth spend (the "Investment Amount") will be advanced by GC. During each growth period, the Company will repay each Investment Amount including a 16 % rate of return based upon an agreed schedule. Once fully repaid, the Company will retain all future reference income related to each respective Investment Amount.

On January 8, 2024, the Company entered into an Amended and Restated Customer Investment Agreement under which GC will provide up to an additional $ 140 million of financing to the Company from the Original Commitment End Date through December 31, 2025 for sales and marketing growth efforts. This was further amended and restated in April 2024 and June 2024 to clarify certain provisions with no changes to material terms and conditions (collectively, the "Amended and Restated Agreement"). The Amended and Restated Agreement as of June 2024 contains standard customary representations, warranties and covenants by the parties, and will continue in effect unless terminated by any party pursuant to its terms.

As of June 30, 2024, the Company had $ 43.9 million of outstanding borrowings under financing agreement. The Company incurred interest expense of $ 1.0 million and $ 1.5 million for the three and six months ended June 30, 2024, respectively, and such interest is included in “General and administrative expense” in the consolidated statements of operations and comprehensive income.

9. Other Liabilities and Accrued Expenses

Other liabilities and accrued expenses as of June 30, 2024 and December 31, 2023 consist of the following ($ in millions):

	June 30, 2024	December 31, 2023
Ceding commission payable	$ 25.4	$ 13.9
Lease liabilities	23.4	28.2
Uncertain tax position	16.4	13.3
Accrued advertising costs	11.1	6.2
Employee compensation	7.5	8.4
Premium taxes payable	5.0	5.9
Advance premium	4.5	3.4
Accrued professional fees	4.4	5.0
Reinsurance payable	4.3	0.8
Income taxes payable	2.0	1.2
Other payables	17.2	13.2
Total	$ 121.2	$ 99.5

10. Stockholders' Equity

Common stock

The Company's certificate of incorporation, as amended and restated, authorized the Company to issue 200,000,000 shares of par value $ 0.00001 per share common stock. The voting, dividend and liquidation rights of the holders of the Company's common stock is subject to and qualified by the rights, powers and preferences of the holders of the preferred stock. There were 71,002,862 and 70,163,703 total issued and outstanding shares as of June 30, 2024 and December 31, 2023, respectively.

The Company in 2020 made a contribution of 500,000 issued shares of common stock to a related party, the Lemonade Foundation (see Note 14), of which 400,000 shares were owned as of both June 30, 2024 and December 31, 2023.

Undesignated Preferred Stock

The Company's certificate of incorporation, as amended and restated, authorized the Company to issue up to 10,000,000 shares of undesignated preferred stock, par value $ 0.00001 per share. As of both June 30, 2024 and December 31, 2023, there were no shares of undesignated preferred stock issued or outstanding.

Warrants

The Company in 2022 entered into an omnibus agreement (the "Omnibus Agreement") and a warrant agreement (the "Warrant Agreement" and, together with the Omnibus Agreement, the "Agreements") with Chewy Insurance Services, LLC (the "Warrantholder") in connection with the execution of an agency agreement on the same date between the Company, Lemonade Insurance Agency, LLC, Lemonade Insurance Company and the Warrantholder. In connection with the Agreements, the Company is authorized to issue to the Warrantholder 3,352,025 shares of the Company's common stock underlying the warrant with an exercise price of $ 0.01 per share, which will vest in installments, in increasing amounts over a period of five years . The Warrant Agreement allows the Company to cancel unvested warrant shares which are subject to certain vesting events and thresholds.

11. Stock-based Compensation

Share option plans

2020 Incentive Compensation Plan

On July 2, 2020, the Company's board of directors adopted and the Company's stockholders approved the 2020 Incentive Compensation Plan (the "2020 Plan"), which became effective immediately prior to the effectiveness of the registration statement for the Company's initial public offering ("IPO") in 2020. The 2020 Plan provides for the issuance of incentive stock options, non-qualified stock options, stock awards, stock units, stock appreciation rights and other stock-based awards.

The number of shares initially reserved for issuance under the 2020 Plan is 5,503,678 shares, inclusive of available shares previously reserved for issuance under the 2015 Incentive Share Option Plan, as amended and restated on September 4, 2019 (the "2015 Plan"). In addition, the number of shares reserved for issuance under the 2020 Plan is subject to increase for awards previously issued under the 2015 Plan which are forfeited or lapse unexercised. Annually, on the first day of each calendar year beginning on January 1, 2021 and ending on and including January 1, 2030, the reserve will be increased by an amount equal to the lesser of (A) 5 % of the shares outstanding (on an as-converted basis) on the last day of the immediately preceding fiscal year and (B) such smaller number of shares as determined by the Company's board of directors, provided that no more than 3,650,000 shares may be issued upon the exercise of incentive stock options. On January 1, 2024, the 2020 Plan share pool was increased by 3,508,185 shares, equal to 5 % of the aggregate number of outstanding common stock as of December 31, 2023. As of June 30, 2024, there were 5,734,296 shares of common stock available for future grants.

2020 Employee Stock Purchase Plan

On July 2, 2020, the Company's board of directors adopted and the Company's stockholders approved the 2020 Employee Stock Purchase Plan (the "2020 ESPP"), which became effective immediately prior to the effectiveness of the registration statement for the Company's IPO in 2020. The total shares of common stock initially reserved for issuance under the 2020 ESPP is limited to 1,000,000 shares. In addition, the number of shares available for issuance under the 2020 ESPP will be increased on January 1 of each calendar year beginning in 2021 and ending in and including 2030, by an amount equal to the lesser of (A) 1,000,000 shares, (B) 1 % of the shares outstanding on the final day of the immediately preceding calendar year and (C) such smaller number of shares as is determined by the board of directors. The board of directors or a committee of the board of directors will administer and will have authority to interpret the terms of the 2020 ESPP and determine eligibility of participants. On January 1, 2024, there was no increase in the 2020 ESPP share pool. As of June 30, 2024, there were no shares of common stock issued under the 2020 ESPP.

2015 Incentive Share Option Plan

In July 2015, the Company adopted the 2015 Incentive Share Option Plan ("2015 Plan"). The 2015 Plan has been amended and restated from time to time to increase the number of shares reserved for grant and to enable the grant of options to employees of the Company's subsidiaries. Under the 2015 Plan, options to purchase common stock of the Company may be granted to employees, officers, directors and consultants of the Company. Each option granted can be exercised for one share of common stock of the Company. Options granted to employees generally vest over a period of no more than four years . The options expire ten years from the date of grant.

Pursuant to the 2015 Plan, the Company had reserved 7,312,590 shares of common stock for issuance. Effective immediately upon the approval of the 2020 Plan, the remaining shares of common stock available for future grant under the 2015 Plan were transferred to the 2020 Plan. As of June 30, 2024, there were no shares of common stock available for future grant under the 2015 Plan. Subsequent to the approval of the 2020 Plan, no additional grants will be made under the 2015 Plan and any outstanding awards under the 2015 Plan will continue with their original terms.

Assumed Share Option Plans

As part of the acquisition of Metromile in 2022, the Company assumed the Metromile 2011 Incentive Stock Plan ("2011 Plan") and Metromile 2021 Incentive Stock Plan ("2021 Plan") (collectively referred to as "Assumed Plans"). The Company assumed equity awards of 404,207 which were granted from the respective Assumed Plans and will be settled in the Company's common stock. The remaining unallocated shares reserved under both 2011 Plan and 2021 Plan were canceled and no new awards will be granted under these Assumed Plans.

Options granted to employees and non-employees

The fair value of each option granted for the six months ended June 30, 2024 and 2023 is estimated on the date of grant using the Black-Scholes model based on the following assumptions:

	Six Months Ended June 30,	
	2024	2023
Weighted average expected term (years)	5.7	6.0
Risk-free interest rate	4.3 %	3.8 %
Volatility	77 %	72 %
Expected dividend yield	0 %	0 %

Expected volatility is calculated based on implied volatility from market comparisons of certain publicly traded companies and other factors. The expected term of options granted is based on the simplified method, which uses the midpoint between the vesting date and the contractual term in accordance with ASC Topic 718, "*Compensation — Stock Compensation*". The risk-free interest rate is based on observed interest rates appropriate for the term of the Company's stock options. The dividend yield assumption is based on the Company's historical and expected future dividend payouts and may be subject to substantial change in the future.

The following tables summarize activity of stock options and restricted stock units ("RSUs"):

Stock options

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
				($ in millions)
Outstanding as of December 31, 2023	9,595,257	$ 37.26	7.21	$ 10.30
Granted	782,107	$ 16.07		
Exercised	(29,473)	$ 4.85		
Canceled/Forfeited	(359,326)	$ 39.74		
Outstanding as of June 30, 2024	9,988,565	$ 35.60	7.05	$ 10.99
Options exercisable as of June 30, 2024	5,156,136	$ 30.11	6.05	$ 9.60
Options unvested as of June 30, 2024	4,832,429	$ 41.47	8.11	$ 1.39

Restricted Stock Units

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2023	3,568,735	$ 18.76
Granted	1,626,823	$ 16.30
Vested	(628,605)	$ 19.89
Canceled/Forfeited	(237,903)	$ 16.61
Outstanding as of June 30, 2024	4,329,050	$ 17.75

Stock-based compensation expense

Stock-based compensation expense from stock options and RSUs, including equity awards from the Assumed Plans as discussed above and warrants (Note 10), are included and classified in the condensed consolidated statements of operations and comprehensive income as follows ($ in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Loss and loss adjustment expense, net	$ 0.5	$ 0.7	$ 1.0	$ 1.4
Other insurance expense	0.6	0.5	1.2	1.0
Sales and marketing [(1)]	2.6	1.5	4.6	2.7
Technology development	6.4	6.3	12.8	13.0
General and administrative	5.3	5.8	10.7	12.1
Total stock-based compensation expense	$ 15.4	$ 14.8	$ 30.3	$ 30.2

(1) Includes compensation expense related to warrant shares of $ 1.6 million and $ 2.5 million for the three and six months ended June 30, 2024, respectively and $ 0.6 million for both the three and six months ended June 30, 2023.

Stock-based compensation expense classified by award type are included in the condensed consolidated statements of operations and comprehensive income as follows ($ in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Stock options	$ 7.1	$ 9.3	$ 14.8	$ 20.3
RSUs	6.7	4.9	13.0	9.3
Warrant shares	1.6	0.6	2.5	0.6
Total stock-based compensation expense	$ 15.4	$ 14.8	$ 30.3	$ 30.2

The total unrecognized expense granted to employees and non-employees outstanding at June 30, 2024 was $ 47.3 million for the stock options and $ 72.2 million for the RSUs, with a remaining weighted-average vesting period of 1.0 years for the stock options and 1.4 years for the RSUs.

Warrants

In connection with the Warrant Agreement as discussed in Note 10, the Company is authorized to issue 3,352,025 warrant shares with a grant date fair value of $ 20.37 that will vest in installments on a yearly basis in increasing amounts for a period of five years . The Company recognized $ 1.6 million and $ 2.5 million in compensation expense for the three and six months ended June 30, 2024, respectively and $ 0.6 million compensation expense was recorded for both three months ended June 30, 2023 and six months ended June 30, 2023, related to these equity-classified warrants. Compensation expense is presented under “Sales and marketing expense” in the consolidated statements of operations and comprehensive income. Total unrecognized compensation expense related to these warrants amounted to $ 63.3 million as of June 30, 2024, and will be recognized over the vesting period, for each of the installments, in increasing amounts over five years . There were 181,191 warrant shares which vested in April and were exercised as of June 30, 2024.

12. Income Taxes

The consolidated effective tax rate was (4.2)% and (1.8)% for the six months ended June 30, 2024 and 2023, respectively. The change in effective tax rate over the two periods was predominantly reflective of the change in profit before tax of the Company's foreign jurisdictions, change in valuation allowance and change in uncertain tax positions relating to transfer pricing methodology.

The Company's unrecognized tax benefits related to tax positions, excluding penalty and interest amounted to $ 15.7 million and $ 9.6 million as of June 30, 2024 and 2023, respectively. The increase was primarily driven by the transfer pricing methodology. Interest and penalties related to unrecognized tax expense (benefits) are recognized in income tax expense, when applicable. Interest and penalties amounted to $ 0.7 million and $ 0.1 million as of June 30, 2024 and 2023, respectively. The Company's management believes it is reasonably possible that the unrecognized tax benefits could increase within the next 12 months.

13. Net Loss per Share

Basic and diluted net loss per share attributable to common stockholders was calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net loss attributable to common stockholders ($ in millions)	$ (57.2)	$ (67.2)	$ (104.5)	$ (133.0)
Denominator:				
Weighted average common shares outstanding — basic and diluted	70,721,227	69,534,731	70,502,856	69,434,971
Net loss per share attributable to common stockholders — basic and diluted	$ (0.81)	$ (0.97)	$ (1.48)	$ (1.92)

The Company’s potentially dilutive securities, which include stock options, unvested RSUs and warrants for common stock, have been excluded from the computation of diluted net loss per share as the effect would be anti-dilutive. Therefore, the weighted average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The Company excluded the following potential common shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to common stockholders for the periods indicated because including them would have had an anti-dilutive effect.

	Six Months Ended June 30,	
	2024	2023
Options to purchase common stock	9,988,565	9,264,477
Unvested restricted stock	4,329,050	3,293,112
Warrants for common stock [1]	412,969	412,969
Total	14,730,584	12,970,558

(1) Each outstanding warrant of Metromile assumed by the Company converted automatically into warrants denominated in the Company's common stock with the number of warrants and exercise price adjusted based on the exchange ratio of 0.05263 .

14. Related Party Transactions

The Company's Chief Executive Officer and President, both of whom are also members of the Company's board of directors, are the two sole members of the board of directors of the Lemonade Foundation. The Company contributed 500,000 shares of common stock with a fair market value of $ 24.36 per share (see Note 10), of which 400,000 shares are owned by Lemonade Foundation as of June 30, 2024 and December 31, 2023. There were no outstanding amounts due to or from the Lemonade Foundation as of June 30, 2024 and December 31, 2023.

15. Commitments and Contingencies

Litigation

The Company is occasionally a party to routine claims or litigation incidental to its business. The Company records accruals for loss contingencies with these legal matters when it is probable that a liability will be incurred, and the amount of the loss can be reasonably estimated.

The Company has a potential liability claim exposure related to Metromile for which the Company has determined that a liability associated with this matter is probable and can be reasonably estimated, and therefore has recorded a liability for this matter in accordance with ASC Topic 450, *Contingencies* ("ASC 450"). The Company will continue to monitor all legal issues and assess whether to accrue liability in accordance with ASC 450 based on new information and as further developments arise.

Charges and guarantees

The Company provided guarantees in an aggregate amount of $ 2.7 million as of June 30, 2024 and $ 2.7 million as of December 31, 2023 with respect to certain office leases.

Sublease

In June 2024, the Company entered into a sublease agreement for a portion of its office space in New York which commenced in June 2024 and will end in November 2025. The Company recorded an impairment charge related to the sublease of $ 0.3 million which reduced Right-of-Use ("RoU") assets and the related furniture and equipment and leasehold improvements. The impairment charge is presented under "General and administrative expenses" in the consolidated statements of operations and comprehensive income. The Company estimated the fair value of the RoU asset based on the net present value of the sublease rental income through the lease expiration date of the head lease.

16. Geographical Breakdown of Gross Written Premium

The Company has a single reportable segment and offers insurance coverage under the homeowners multi-peril, inland marine, general liability and private passenger auto lines of business. Gross written premium includes direct and assumed premium related to car insurance policies written in Texas, in connection with our fronting arrangement with a third party carrier in Texas. Gross written premium by jurisdiction are as follows ($ in millions):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
Jurisdiction	Amount	% of GWP	Amount	% of GWP	Amount	% of GWP	Amount	% of GWP
California	$ 55.3	24.4 %	$ 46.0	25.3 %	$ 110.6	25.6 %	$ 91.5	26.5 %
Texas	35.9	15.9 %	31.4	17.3 %	65.9	15.3 %	57.5	16.6 %
New York	22.8	10.1 %	19.9	10.9 %	43.8	10.1 %	38.3	11.1 %
Illinois	10.9	4.8 %	9.0	4.9 %	20.6	4.8 %	16.1	4.7 %
New Jersey	10.7	4.7 %	9.2	5.1 %	20.4	4.7 %	17.8	5.1 %
Washington	9.1	4.0 %	6.1	3.4 %	17.1	4.0 %	12.2	3.5 %
Colorado	8.2	3.6 %	5.5	3.0 %	14.1	3.3 %	9.8	2.8 %
Georgia	6.8	3.0 %	5.5	3.0 %	12.4	2.9 %	10.4	3.0 %
Pennsylvania	6.1	2.7 %	4.7	2.6 %	11.2	2.6 %	8.7	2.5 %
Arizona	5.7	2.5 %	4.6	2.6 %	10.7	2.5 %	8.7	2.5 %
All other	54.7	24.3 %	40.0	21.9 %	105.0	24.2 %	74.9	21.7 %
	$ 226.2	100.0 %	$ 181.9	100.0 %	$ 431.8	100.0 %	$ 345.9	100.0 %

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes and other information included elsewhere in this Quarterly Report, Annual Report on Form 10-K, and in our other filings with the Securities and Exchange Commission ("SEC"). The discussion and analysis below includes forward-looking statements that are subject to risks, uncertainties and other factors described in the "Risk Factors" section of this Quarterly Report and our Annual Report on Form 10-K that could cause actual results to differ materially from such forward-looking statements. Additionally, our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Our Business

Lemonade is rebuilding insurance from the ground up on a digital substrate and an innovative business model. By leveraging technology, data, artificial intelligence, contemporary design, and social impact, we believe we are making insurance more delightful, more affordable, and more precise. To that end, we have built a vertically-integrated company with wholly-owned insurance carriers in the United States and Europe, including the United Kingdom and the full technology stack to power them.

A brief chat with our bot, AI Maya, is all it takes to get covered with renters, homeowners, pet, car or life insurance, and we expect to offer a similar experience for other insurance products over time. Claims are filed by chatting with another bot, AI Jim, who pays claims in as little as two seconds. This breezy experience belies the extraordinary technology that enables it: a state-of-the-art platform that spans from marketing to underwriting, customer care to claims processing, finance to regulation. Our architecture melds artificial intelligence with the human kind, and learns from the prodigious data it generates to become even better at delighting customers and evaluating risks.

In addition to digitizing insurance end-to-end, we also reimagined the underlying business model to minimize volatility while maximizing trust and social impact. To lessen the volatility inherent in an industry directly impacted by the weather, we utilize several forms of reinsurance, with the goal of dampening the impact on our gross margin. The result is that excess claims are generally offloaded to reinsurers, while excess premiums can be donated to nonprofits selected by our customers as part of our annual "Giveback". These two ballasts, reinsurance and Giveback, reduce volatility, while creating an aligned, trustful, and values-rich relationship with our customers.

Customer Investment Agreement

On June 28, 2023, we entered into a Customer Investment Agreement (the "Agreement"), with GC Customer Value Arranger, LLC (a General Catalyst company) ("GC"). Under the Agreement, up to $150 million of financing will be provided for our sales and marketing growth efforts. The Agreement has a commitment period of 18 months which expires on December 31, 2024 ("Original Commitment End Date"). Under the Agreement, subject to certain terms and conditions specified therein, at the start of each growth period, an Investment Amount of up to 80% of our growth spend (the "Investment Amount") will be advanced by GC. During each growth period, we will repay each Investment Amount including a 16% rate of return, based upon an agreed schedule. Once fully repaid, we will retain all future reference income related to each respective Investment Amount.

On January 8, 2024, we entered into an Amended and Restated Customer Investment Agreement where GC will provide up to an additional $140 million of financing for our sales and marketing growth efforts beginning from the Original Commitment End Date through December 31, 2025. This was further amended and restated in April 2024 and June 2024 to clarify certain provisions with no changes to material terms and conditions (collectively, the "Amended and Restated Agreement"). The Amended and Restated Agreement as of June 2024 contains standard customary representations, warranties and covenants by the parties, and will continue in effect unless terminated by any party pursuant to its terms.

As of June 30, 2024, we had $43.9 million of outstanding borrowings under the Agreement. We incurred interest expense of $1.0 million and $1.5 million for the three and six months ended June 30, 2024, respectively and such interest is included in "General and administrative expense" in the unaudited condensed consolidated statements of operations and comprehensive income.

Key Factors and Trends Affecting our Operating Results

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors, including the following:

Seasonality

Seasonal patterns can impact both our rate of customer acquisition and the incurrence of claims and losses.

Based on historical experience, existing and potential customers move more frequently in the third quarter, compared to the rest of the calendar year. As a result, we may see greater demand for new or expanded insurance coverage, and increased online engagement resulting in proportionately more growth during the third quarter. We expect that as we grow our customers, expand geographically, and launch new products, the impact of seasonal variability on our rate of growth may decrease.

Additionally, seasonal weather patterns impact the level and amount of claims we receive. These patterns include hurricanes, wildfires, and coastal storms in the fall, cold weather patterns, and changing home heating needs in the winter, and tornados and hailstorms in the spring and summer. The mix of geographic exposure and products within our customer base impacts our exposure to these weather patterns.

See “Risk Factors — Risks Relating to our Industry — Severe weather events and other catastrophes, including the effects of climate change and global pandemics, are inherently unpredictable and may have a material adverse effect on our financial results and financial condition.” in our Annual Report on Form 10-K.

Current Macroeconomic Environment

General economic inflation has increased and there is a risk of inflation remaining elevated for an extended period. We anticipate the effects of inflation impacting our investment portfolio, pricing of our products and in estimating reserves for unpaid claims and claim expenses. The actual effects of the current and potential future increase in inflation on our results remains to be unknown and cannot be estimated with precision.

We conduct certain of our operations in Israel and therefore our results may be adversely affected by political, economic and military instability in Israel and the region, including the evolving conflict in Israel and surrounding region. The conflict between Israel and Hamas, primarily within Gaza, has increased global economic and political uncertainty. There is still uncertainty regarding the extent to which the war and its broader macroeconomic implications will impact our operations in Israel. We will continue to evaluate the extent to which this may impact our business, financial condition, or results of operations. These and other uncertainties could result in changes to our current expectations.

See "Risk Factors — Risks Relating to Our Business — We conduct certain of our operations in Israel and therefore our results may be adversely affected by political, economic and military instability in Israel and the surrounding region." in our Annual Report on Form 10-K.

Reinsurance

We obtain reinsurance to help manage our exposure to property and casualty insurance risks. Although our reinsurance counterparties are liable to us according to the terms of the reinsurance policies, we remain primarily liable to our policyholders as the direct insurers on all risks reinsured, see "Risk Factors - Risks Relating to Our Business" and "Risks relating to our Industry" in our Annual Report on Form 10-K. As a result, reinsurance does not eliminate the obligation of our insurance subsidiaries to pay all claims, and we are subject to the risk that one or more of our reinsurers will be unable or unwilling to honor its obligations, that the reinsurers will not pay in a timely fashion, or that our losses are so large that they exceed the limits inherent in our reinsurance contracts, each of which could have a material effect on our results of operations and financial condition. Furthermore, reinsurance may be unavailable at current levels and prices, which may limit our ability to write new business.

We maintained proportional reinsurance contracts which cover all of the Company's products and geographies, and transferred, or “ceded,” a specified percentage of the premium to reinsurers ("Proportional Reinsurance Contracts"). In exchange, these reinsurers paid a ceding commission for every dollar ceded, in addition to funding all of the corresponding claims at the same specified percentage as applied to premium. We opted to manage the remaining percentage of the business with alternative forms of reinsurance through non-proportional reinsurance contracts ("Non-Proportional Reinsurance Contracts").

We maintained proportional reinsurance contracts which provided 55% protection on covered risks. We agreed to the terms of our reinsurance program effective July 1, 2023 through June 30, 2024 which includes Whole Account Quota Share Reinsurance Contracts by and among the Company, Lemonade Insurance Company ("LIC"), Metromile Insurance Company ("MIC") and Lemonade Insurance N.V. ("LINV"), and each of Hannover Ruck SE, MAPFRE Re, and Swiss Reinsurance America Corporation (collectively referred to as “Reinsurers”) ("Reinsurance Program"). Under the Reinsurance Program, which covers all products and geographies, the Company transfers, or "cedes," a share of premium to the Reinsurers. In exchange, these Reinsurers pay us a ceding commission on all premiums ceded to the Reinsurers, in addition to funding the corresponding claims, subject to certain limitations, including but not limited to, the exclusion of hurricane losses, and a limit of $5,000,000 per occurrence for non-hurricane catastrophe losses. The overall share of proportional reinsurance under the Reinsurance Program is approximately 55% of premium. The Per Risk Cap across the contracts is $750,000. Additionally, the contracts are subject to loss ratio caps and variable ceding commission levels, which align our interests with those of its Reinsurers. We renewed the Reinsurance Program effective July 1, 2024 and will expire on June 30, 2025, with similar terms to the contracts that expired on June 30, 2024 except for the limit per occurrence for non-hurricane catastrophe losses which increased to $10,000,000.

LIC and LINV entered into a Property Per Risk Excess of Loss Reinsurance Contract with a panel of reinsurance companies (the "PPR Contract"), and LIC entered into an Automatic Facultative Property Per Risk Excess of Loss Reinsurance Contract with Arch Re (the "Automatic Facultative PPR Contract"), each effective from July 1, 2023 until June 30, 2024. Under the PPR Contract, claims in excess of $750,000 are 100% ceded up to a maximum recovery of $2,250,000, subject to certain limitations. The PPR Contract was renewed at similar terms effective July 1, 2024 through June 30, 2025. The Automatic Facultative PPR Contract, in which claims in excess of $3,000,000 are 100% ceded with a potential recovery of at least $10,000,000, subject to certain limitations, expired on June 30, 2024 and was not renewed.

MIC entered into a Quota Share reinsurance agreement effective January 1, 2022 and expired on June 30, 2023. Under the terms of the agreement, the Company ceded 30% of premiums and losses to reinsurers.

We also entered into a reinsurance program to protect against catastrophe risk in the U.S. that exceed $80,000,000 in losses effective July 1, 2022 and expired on June 30, 2023.

We also entered into an Excess of Loss ("XOL") Reinsurance Contract through a captive in Bermuda in which we have a variable interest, primarily to cover catastrophe risk over the initial $50,000,000 limit for each loss occurrence, and further subject to a limit of $80,000,000 for each loss occurrence and in aggregate, primarily on property and car business underwritten by LIC. This XOL reinsurance contract became effective July 1, 2023 and expired on June 30, 2024. We have renewed the XOL reinsurance contract effective July 1, 2024 and will expire on June 30, 2025 at similar terms and is expanded to include risks written by MIC.

We are also exposed to some risks from MIC ceded through the Quota Share ("QS") Reinsurance Contract which is retained in a captive subsidiary, Lemonade Re SPC in the Cayman Islands. This QS reinsurance contract became effective July 1, 2023 and shall remain in force for an indefinite period until terminated by either party.

Through our captives, we are exposed to the risk of natural catastrophe events and other covered risks under the reinsurance agreements from assumed risks from policies underwritten by both LIC and MIC.

Components of our Results of Operations

Revenue

Gross Written Premium

Gross written premium is the amount received, or to be received, for insurance policies written by us during a specific period of time without reduction for premiums ceded to reinsurance. Gross written premium includes direct and assumed premium. In December 2022, we began assuming premium related to car insurance policies written in Texas, in connection with our fronting arrangement with a third party carrier in Texas. Following the Metromile Acquisition in July 2022, we also include gross written premium from the sale of pay-per-mile car insurance policies within the United States. The volume of our gross written premium in any given period is generally influenced by new business submissions, binding of new business submissions into policies, renewals of existing policies, and average size and premium rate of bound policies.

Ceded Written Premium

Ceded written premium is the amount of gross written premium ceded to reinsurers. We enter into reinsurance contracts to limit our exposure to potential losses as well as to provide additional capacity for growth. Ceded written premium is earned over the reinsurance contract period in proportion to the period of risk covered. The volume of our ceded written premium is impacted by the level of our gross written premium and any decision we make to increase or decrease reinsurance limits, retention levels, and co-participation. Our ceded written premium can also be impacted significantly in certain periods due to changes in reinsurance agreements. In periods where we start or stop ceding a large volume of our premium, ceded written premium may increase or decrease significantly compared to prior periods and these fluctuations may not be indicative of future trends.

Gross Earned Premium

Gross earned premium represents the earned portion of our gross written premium. Gross earned premium includes direct and assumed premium. Our insurance policies generally have a term of one year and premium is earned pro rata over the term of the policy. In addition, following the Metromile Acquisition, we also include earned premiums from the pay-per-mile car insurance policies which are written for six-month terms. Premium for the policy provides a base rate per month for the entire policy term upon binding of the policy plus a per-mile rate multiplied by the miles driven each day (based on data from the telematics device, subject to a daily maximum).

Ceded Earned Premium

Ceded earned premium is the amount of gross earned premium ceded to reinsurers.

Net Earned Premium

Net earned premium represents the earned portion of our gross written premium, less the earned portion that is ceded to third-party reinsurers under our reinsurance agreements. Premium is earned pro rata over the term of the policy, which is generally one year. Net earned premium from the pay-per-mile car insurance policies is earned over the term of the policy which is written for six-month terms.

Ceding Commission Income

Ceding commission income is commission we receive based on the premium ceded to third-party reinsurers to reimburse us for acquisition and underwriting expenses. We earn commissions on reinsurance premium ceded in a manner consistent with the recognition of the earned premium on the underlying insurance policies, on a pro-rata basis over the terms of the policies reinsured. The portion of ceding commission income which represents reimbursement of successful acquisition costs related to the underlying policies is recorded as an offset to other insurance expense.

Net Investment Income

Net investment income represents interest earned from fixed maturity securities, short term and other investments, net of investment fees paid to the Company's investment manager. Our cash and invested assets are primarily fixed maturity securities, and may also include cash and cash equivalents, equity securities, and short-term investments. The principal factors that influence net investment income are the size of our investment portfolio and the yield on that portfolio. As measured by amortized cost (which excludes changes in fair value, such as changes in interest rates), the size of our investment portfolio is mainly a function of our invested equity capital along with premium we receive from our customers less payments on customer claims. Over time, we expect that net investment income will represent a more meaningful component of our results of operations.

Commission and Other Income

Commission income consists of commissions earned for policies placed with third-party insurance companies where we have no exposure to the insured risk. Such commission is recognized on the effective date of the associated policy which is when the performance obligation is completed. Other income primarily consists of fees collected from policyholders relating to installment premiums. These fees are recognized at the time each policy installment is billed. Other income also includes net realized gains or losses from the sale of investments and sublease income.

Expense

Loss and Loss Adjustment Expense, Net

Loss and loss adjustment expense ("LAE"), net represent the costs incurred for losses net of amounts ceded to reinsurers. We enter into reinsurance contracts to limit our exposure to potential losses as well as to provide additional capacity for growth. These expenses are a function of the size and term of the insurance policies we write and the loss experience associated with the underlying risks. Loss and LAE are based on an actuarial analysis of the estimated losses, including losses incurred during the period and changes in estimates from prior periods. Loss and LAE may be paid out over a period of years. Certain policies we write are subject to catastrophe losses. Catastrophe losses are losses resulting from events involving claims and policyholders, including earthquakes, hurricanes, floods, storms, terrorist acts or other aggregating events that are designated by internationally recognized organizations, such as Property Claims Services, that track and report on insured losses resulting from catastrophic events.

Other Insurance Expense

Other insurance expense consists primarily of amortization of commissions and premium taxes incurred on the successful acquisition of business written on a direct basis, and credit card processing fees not charged to our customers. Other insurance expense also includes employee compensation, including stock-based compensation and benefits, of our underwriting teams as well as allocated occupancy costs and related overhead based on headcount. Other insurance expense is offset by the portion of ceding commission income which represents reimbursement of successful acquisition costs related to the underlying policies.

Sales and Marketing

Sales and marketing includes third-party marketing, advertising, branding, public relations and sales expenses. Sales and marketing also includes associated employee compensation and benefits, including employee and non-employee stock- based compensation and benefits, as well as allocated occupancy costs and related overhead based on headcount. Sales and marketing costs are expensed as incurred.

We plan to continue to invest in sales and marketing to attract and acquire new customers and increase our brand awareness. We expect that, in the long-term, our sales and marketing costs will decrease as a percentage of revenue as we continue to drive customer acquisition efficiencies and as the proportion of renewals to our total business increases.

Technology Development

Technology development consists of employee compensation, including stock-based compensation and benefits, and expenses related to vendors engaged in product management, design, development and testing of our websites and products. Technology development also includes allocated occupancy costs and related overhead based on headcount. We expense technology development costs as incurred, except for costs that are capitalized related to internal-use software development projects and subsequently depreciated over the expected useful life of the developed software.

We expect to continue to incur product technology development costs, a portion of which will be capitalized, to continue to grow in the foreseeable future as we identify opportunities to invest in the development of new products and internal tools and enhancement of our existing products and technologies that we believe will drive the long-term profitability of the business.

General and Administrative

General and administrative includes employee compensation, including stock-based compensation and benefits for executive, finance, accounting, legal, business operations, and other administrative personnel. In addition, general and administrative includes outside professional services, non-income based taxes, insurance, charitable donations, bad debt expense and allocated occupancy costs and related overhead based on headcount. Depreciation and amortization expense, interest expense on borrowings under the financing agreement, and non-recurring items, if any, are also recorded as a component of general and administrative.

We expect to continue to incur incremental general and administrative costs to support our global operational growth and enhancements to support our reporting and planning functions.

We have incurred and expect to continue to incur significant additional general and administrative expense as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the SEC and the listing standards of the New York Stock Exchange and New York Stock Exchange American, additional corporate, director and officer insurance expenses, greater investor relations expenses and increased legal, audit and consulting fees.

Income Tax Expense

Our provision for income taxes consists primarily of foreign income taxes related to income generated by our subsidiaries organized under the laws of the Netherlands and Israel. As we expand the scale of our international business activities, any changes in the U.S. and foreign taxation of such activities may increase our overall provision for income taxes in the future.

We have a valuation allowance for our U.S. deferred tax assets, including federal and state net operating losses and capital losses. We expect to maintain this valuation allowance until it becomes more likely than not, that the benefit of our federal and state deferred tax assets will be realized through expected future taxable income in the United States.

Key Operating and Financial Metrics

We regularly review a number of metrics, including the following key operating and financial metrics, to evaluate our business, measure our performance, identify trends in our business, prepare financial projections and make strategic decisions. We believe these non-GAAP and operational measures are useful in evaluating our performance, in addition to our financial results prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). See "—Non-GAAP Financial Measures" for additional information on non-GAAP financial measures and a reconciliation to the most directly comparable financial measures prepared in accordance with U.S. GAAP.

The following table sets forth these metrics as of and for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	($ in millions, except Premium per customer)		($ in millions, except Premium per customer)	
Customers (end of period)	2,167,194	1,906,408	2,167,194	1,906,408
In force premium (end of period)	$ 838.8	$ 686.6	$ 838.8	$ 686.6
Premium per customer (end of period)	$ 387	$ 360	$ 387	$ 360
Annual dollar retention (end of period)	88 %	87 %	88 %	87 %
Total revenue	$ 122.0	$ 104.6	$ 241.1	$ 199.8
Gross earned premium	$ 199.9	$ 163.9	$ 387.8	$ 318.1
Gross profit	$ 30.8	$ 12.1	$ 65.5	$ 28.6
Adjusted gross profit	$ 33.4	$ 16.6	$ 70.1	$ 37.2
Net loss	$ (57.2)	$ (67.2)	$ (104.5)	$ (133.0)
Adjusted EBITDA	$ (43.0)	$ (52.7)	$ (76.9)	$ (103.5)
Gross profit margin	25 %	12 %	27 %	14 %
Adjusted gross profit margin	27 %	16 %	29 %	19 %
Ratio of Adjusted Gross Profit to Gross Earned Premium	17 %	10 %	18 %	12 %
Gross loss ratio	79 %	94 %	79 %	90 %
Net loss ratio	79 %	99 %	79 %	96 %

Customers

We define customers as the number of current policyholders underwritten by us or placed by us with third-party insurance partners (who pay us recurring commissions) as of the period end date. A customer that has more than one policy counts as a single customer for the purposes of this metric. We view customers as an important metric to assess our financial performance because customer growth drives our revenue, expands brand awareness, deepens our market penetration, creates additional upsell and cross-sell opportunities, and generates additional data to continue to improve the functioning of our platform.

In Force Premium

We define in force premium ("IFP"), as the aggregate annualized premium for customers as of the period end date. At each period end date, we calculate IFP as the sum of:

i) In force written premium — the annualized premium of in force policies underwritten by us; and

ii) In force placed premium — the annualized premium of in force policies placed with third party insurance companies for which we earn a recurring commission payment. In force placed premium currently reflects approximately 1% of IFP.

The annualized value of premiums is a legal and contractual determination made by assessing the contractual terms with our customers. The annualized value of contracts is not determined by reference to historical revenues, deferred revenues or any other U.S. GAAP financial measure over any period. IFP is not a forecast of future revenues nor is it a reliable indicator of revenue expected to be earned in any given period. We believe that our calculation of IFP is useful to analysts and investors because it captures the impact of growth in customers and premium per customer at the end of each reported period, without adjusting for known or projected policy updates, cancellations, rescissions, and non-renewals. We use IFP because we believe it gives our management useful insight into the total reach of our platform by showing all in force policies underwritten and placed by us. Other companies, including companies in our industry, may calculate IFP differently or not at all, which reduces the usefulness of IFP as a tool for comparison.

Premium per customer

We define premium per customer as the average annualized premium customers pay for products underwritten by us or placed by us with third-party insurance partners. We calculate premium per customer by dividing IFP by customers. We view premium per customer as an important metric to assess our financial performance because premium per customer reflects the average amount of money our customers spend on our products, which helps drive strategic initiatives.

Annual Dollar Retention

We define Annual Dollar Retention ("ADR"), as the percentage of IFP retained over a twelve month period, inclusive of changes in policy value, changes in number of policies, changes in policy type, and churn. To calculate ADR we first aggregate the IFP from all active customers at the beginning of the period and then aggregate the IFP from those same customers at the end of the period. ADR is then equal to the ratio of ending IFP to beginning IFP. Beginning in the third quarter of 2023, ADR included Metromile. We believe that our calculation of ADR is useful to analysts and investors because it captures our ability to retain customers and sell additional products and coverage to them over time. We view ADR as an important metric to measure our ability to provide a delightful end-to-end customer experience, satisfy our customers' evolving insurance needs and maintain our customers' trust in our products. Our customers become more valuable to us every year they continue to subscribe to our products. Other companies, including companies in our industry, may calculate ADR differently or not at all, which reduces the usefulness of ADR as a tool for comparison.

Gross Earned Premium

Gross earned premium is the earned portion of our gross written premium. Gross earned premium includes direct and assumed premium. In December 2022, we began assuming premium related to car insurance policies written in Texas, in connection with our fronting arrangement with a third party carrier in Texas, and this did not impact the key performance indicators for periods prior to the fourth quarter of 2022.

We use this operating metric as we believe it gives our management and other users of our financial information useful insight into the gross economic benefit generated by our business operations and allows us to evaluate our underwriting performance without regard to changes in our underlying reinsurance structure. See "— Components of Our Results of Operations — Revenue — Gross Earned Premium."

Unlike net earned premium, gross earned premium excludes the impact of premiums ceded to reinsurers, and therefore should not be used as a substitute for net earned premium, total revenue, or any other measure presented in accordance with U.S. GAAP.

Gross Profit

Gross profit is calculated in accordance with U.S. GAAP as total revenue less loss and loss adjustment expense, net, other insurance expense, and depreciation and amortization (allocated to cost of revenue).

Adjusted Gross Profit

We define adjusted gross profit, a non-GAAP financial measure, as:

- Gross profit, excluding net investment income, interest income and other income, interest expense, and net realized gains and losses on sale of investments, plus
- Employee-related expense, plus
- Professional fees and other, plus
- Depreciation and amortization (allocated to cost of revenue).

See "— Non-GAAP Financial Measures" for a reconciliation of total revenue to adjusted gross profit.

Adjusted EBITDA

We define adjusted EBITDA, a non-GAAP financial measure, as net loss excluding the impact of income tax expense, depreciation and amortization, stock-based compensation, interest income, interest expense, net investment income, net realized gains and losses on sale of investments, change in fair value of warrants liability, amortization of fair value adjustment on insurance contract intangible liability relating to the Metromile Acquisition, and other non-cash adjustments and other transactions that we consider to be unique in nature. See "— Non-GAAP Financial Measures" for a reconciliation of net loss to adjusted EBITDA in accordance with U.S. GAAP.

Gross Profit Margin

We define gross profit margin, expressed as a percentage, as the ratio of gross profit to total revenue.

Adjusted Gross Profit Margin

We define adjusted gross profit margin, a non-GAAP financial measure, expressed as a percentage, as the ratio of adjusted gross profit to total revenue. See "— Non-GAAP Financial Measures."

Ratio of Adjusted Gross Profit to Gross Earned Premium

We define Ratio of Adjusted Gross Profit to Gross Earned Premium, a non-GAAP financial measure, expressed as a percentage, as the ratio of adjusted gross profit to gross earned premium. Our Ratio of Adjusted Gross Profit to Gross Earned Premium provides management with useful insight into our operating performance. See "— Non-GAAP Financial Measures."

Gross Loss Ratio

We define gross loss ratio, expressed as a percentage, as the ratio of losses and loss adjustment expense to gross earned premium.

Net Loss Ratio

We define net loss ratio, expressed as a percentage, as the ratio of losses and loss adjustment expense, less amounts ceded to reinsurers, to net earned premium.

Results of Operations

Comparison of the Three Months Ended June 30, 2024 and 2023

	Three Months Ended June 30,			
	2024	2023	Change	% Change
	($ in millions)			
Revenue				
Net earned premium	$ 89.3	$ 76.5	$ 12.8	17 %
Ceding commission income	16.5	17.5	(1.0)	(6 %)
Net investment income	8.1	5.6	2.5	45 %
Commission and other income	8.1	5.0	3.1	62 %
Total revenue	122.0	104.6	17.4	17 %
Expense				
Loss and loss adjustment expense, net	70.5	75.9	(5.4)	(7 %)
Other insurance expense	18.8	15.0	3.8	25 %
Sales and marketing	36.8	24.8	12.0	48 %
Technology development	21.2	24.1	(2.9)	(12 %)
General and administrative	29.8	30.7	(0.9)	(3 %)
Total expense	177.1	170.5	6.6	4 %
Loss before income taxes	(55.1)	(65.9)	10.8	(16 %)
Income tax expense	2.1	1.3	0.8	62 %
Net loss	$ (57.2)	$ (67.2)	$ 10.0	(15 %)

Net Earned Premium

Net earned premium increased $12.8 million, or 17%, to $89.3 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023, primarily due to the earning of increased gross written premium and the impact of our reinsurance program to ceded written premium under our Proportional Reinsurance Contracts as discussed above under "Reinsurance".

	Three Months Ended June 30,			
	2024	2023	Change	% Change
	($ in millions)			
Gross written premium	$ 226.2	$ 181.9	$ 44.3	24 %
Ceded written premium	(124.3)	(94.1)	(30.2)	32 %
Net written premium	$ 101.9	$ 87.8	$ 14.1	16 %

Gross written premium increased $44.3 million, or 24%, to $226.2 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The increase was primarily due to a 14% increase in net added customers year over year driven by the success of our digital advertising campaigns and partnerships. We also continued to expand our geographic footprint and product offerings. In addition, we also saw an 8% increase in premium per customer year over year due to an increasing prevalence of multiple policies per customer, growth in the overall average policy value, and continued shift in the mix of underlying products toward higher value policies. Assumed premium related to car insurance policies written in Texas through our fronting arrangement with a third party carrier in Texas also contributed to the increase in gross written premium during the period.

Ceded written premium increased $30.2 million, or 32%, to $124.3 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023, primarily due to growth in business across all products and the impact of our reinsurance agreements. Under our proportional reinsurance program, our overall share is approximately 55% of premium and are subject to loss ratio caps and variable commission. Other non-proportional reinsurance contracts were renewed with terms similar to the expired contracts. See "Reinsurance" above for further information.

Net written premium increased $14.1 million, or 16%, to $101.9 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 due to factors noted above.

The table below shows the amount of premium we earned on a gross and net basis. Ceded earned premium as a percentage of gross earned premium slightly increased to approximately 55% for the three months ended June 30, 2024, as compared to approximately 53% for the three months ended June 30, 2023 primarily due to the impact of reinsurance terms under the proportional reinsurance contracts as discussed above.

	Three Months Ended June 30,			
	2024	2023	Change	% Change
	($ in millions)			
Gross earned premium	$ 199.9	$ 163.9	$ 36.0	22 %
Ceded earned premium	(110.6)	(87.4)	(23.2)	27 %
Net earned premium	$ 89.3	$ 76.5	$ 12.8	17 %

Ceding Commission Income

Ceding commission income decreased $1.0 million, or 6%, to $16.5 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023, consistent with the increase in ceded earned premium offset by the change in terms of the proportional reinsurance contracts with third-party reinsurers during the period.

Net Investment Income

Net investment income increased $2.5 million, or 45% to $8.1 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The increase was primarily driven by the diversification of the Company's investment portfolio with higher returns, offset by investment expenses of $0.1 million. We mainly invest in cash, money market funds, U.S. Treasury bills, corporate debt securities, asset-backed securities, notes and other obligations issued or guaranteed by the U.S. Government.

Commission and Other Income

Commission and other income increased $3.1 million, or 62%, to $8.1 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023, primarily due to growth in premiums placed with third-party insurance companies during the period, installment fees and sublease income from our New York and San Francisco office space.

Loss and Loss Adjustment Expense, Net

Loss and LAE, net decreased $5.4 million, or 7%, to $70.5 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The decrease was primarily due to improvement in overall loss ratio driven by reduced impact of catastrophe events, lower frequency and severity in certain lines, and reduction in loss adjustment expenses. Net incurred losses during the second quarter of 2023 included $10.0 million from winter storm Elliott and $3.5 million from the hail storm that impacted customers in Texas.

Other Insurance Expense

Other insurance expense increased $3.8 million, or 25%, to $18.8 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 consistent with growth in earned premium. Professional fees and other services increased $1.5 million, or 33%, as compared to the three months ended June 30, 2023 primarily in support of growth and expansion initiatives. Credit card processing fees increased $1.2 million, or 38%, as compared to the three months ended June 30, 2023 as a result of the increase in customers and associated premium. Amortization of deferred acquisition costs, net of ceding commissions increased $0.7 million, or 28% as compared to the three months ended June 30, 2023.

Sales and Marketing

Sales and marketing expense increased $12.0 million, or 48%, to $36.8 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 primarily due to brand and performance advertising, which is the largest component of our sales and marketing expenses. Expense related to advertising, other customer acquisition channels and partner payments increased $12.2 million, or 90%, as compared to the three months ended June 30, 2023. Compensation expense related to the warrant shares increased $1.0 million, or 167%, as compared to the three months ended June 30, 2023. Employee-related expense, including stock-based compensation, decreased by $1.4 million, or 17% as compared to the three months ended June 30, 2023.

Technology Development

Technology development expense decreased $2.9 million, or 12%, to $21.2 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. Employee-related expense, including stock-based compensation, and net of capitalized costs for the development of internal-use software, decreased $1.7 million, or 9%, as compared to the three months ended June 30, 2023. Hosting and software costs decreased $0.8 million, or 22%, as compared to the three months ended June 30, 2023. Allocated occupancy costs also decreased $0.4 million, or 36%, as compared to the three months ended June 30, 2023.

General and Administrative

General and administrative expense decreased $0.9 million, or 3%, to $29.8 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. Employee-related expense, including stock-based compensation, decreased $1.5 million, or 10%, as compared to three months ended June 30, 2023. Corporate insurance expense decreased $1.0 million, or 56% as compared to three months ended June 30, 2023. Legal, accounting and other professional fees increased $1.2 million, or 80%, compared to three months ended June 30, 2023. Bad debt expense increased by $0.5 million or 31%, as compared to three months ended June 30, 2023.

Income Tax Expense

Income tax expense increased $0.8 million, or 62%, to $2.1 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 due to change in uncertain tax position related to transfer pricing methodology.

Net Loss

Net loss decreased $10.0 million, or 15%, to $57.2 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 due to the factors described above.

Comparison of the Six Months Ended June 30, 2024 and 2023

	Six Months Ended June 30,			
	2024	2023	Change	% Change
	($ in millions)			
Revenue				
Net earned premium	$ 173.7	$ 144.7	$ 29.0	20 %
Ceding commission income	37.5	34.7	2.8	8 %
Net investment income	15.7	10.6	5.1	48 %
Commission and other income	14.2	9.8	4.4	45 %
Total revenue	241.1	199.8	41.3	21 %
Expense				
Loss and loss adjustment expense, net	136.4	139.5	(3.1)	(2 %)
Other insurance expense	36.1	28.6	7.5	26 %
Sales and marketing	67.2	53.0	14.2	27 %
Technology development	42.1	45.9	(3.8)	(8 %)
General and administrative	59.6	63.4	(3.8)	(6 %)
Total expense	341.4	330.4	11.0	3 %
Loss before income taxes	(100.3)	(130.6)	30.3	(23 %)
Income tax expense	4.2	2.4	1.8	75 %
Net loss	$ (104.5)	$ (133.0)	$ 28.5	(21 %)

Net Earned Premium

Net earned premium increased $29 million, or 20%, to $173.7 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 primarily due to the earning of increased gross written premium and the impact of our reinsurance program to our ceded written premium as discussed above under "Reinsurance."

	Six Months Ended June 30,			
	2024	2023	Change	% Change
	($ in millions)			
Gross written premium	$ 431.8	$ 345.9	$ 85.9	25 %
Ceded written premium	(236.0)	(175.4)	(60.6)	35 %
Net written premium	$ 195.8	$ 170.5	$ 25.3	15 %

Gross written premium increased $85.9 million, or 25%, to $431.8 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The increase was primarily due to a 14% increase in net added customers year over year driven by the success of our digital advertising campaigns and partnerships. We also continued to expand our geographic footprint and product offerings. We also saw a 8% increase in premium per customer year over year primarily due to an increasing prevalence of multiple policies per customer, growth in the overall average policy value, and continued shift in the mix of underlying products toward higher value policies. Assumed premium related to car insurance policies written in Texas from our fronting arrangement with a third party carrier in Texas also contributed to the increase in gross written premium during the period.

Ceded written premium increased $60.6 million, or 35%, to $236.0 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 primarily due to growth in business across all products and the impact of our reinsurance agreements. Under our proportional reinsurance program, our overall share is approximately 55% of premium and are subject to loss ratio caps and variable commission. Other non-proportional reinsurance contracts were renewed with terms similar to the expired contracts. See "Reinsurance" above for further information.

Net written premium increased $25.3 million, or 15%, to $195.8 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 due to factors noted above.

The table below shows the amount of premium we earned on a gross and net basis. Ceded earned premium as a percentage of gross earned premium remained at 55% for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023 consistent with the total participation under the proportional reinsurance program.

	Six Months Ended June 30,			
	2024	2023	Change	% Change
	($ in millions)			
Gross earned premium	$ 387.8	$ 318.1	$ 69.7	22 %
Ceded earned premium	(214.1)	(173.4)	(40.7)	23 %
Net earned premium	$ 173.7	$ 144.7	$ 29.0	20 %

Ceding Commission Income

Ceding commission income increased $2.8 million, or 8%, to $37.5 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, consistent with the increase in ceded earned premium offset by the change in terms of the proportional reinsurance contracts with third-party reinsurers during the period.

Net Investment Income

Net investment income increased $5.1 million, or 48%, to $15.7 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The increase was primarily driven by the diversification of the Company's investment portfolio with higher returns offset by investment expenses of $0.2 million. We mainly invest in cash, money market funds, U.S. Treasury bills, corporate debt securities, asset-backed securities, notes and other obligations issued or guaranteed by the U.S. Government.

Commission and Other Income

Commission and other income increased $4.4 million, or 45%, to $14.2 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, due to growth on premium placed with third-party insurance companies during the period, installment fees and sublease income from our New York and San Francisco office space.

Loss and Loss Adjustment Expense, Net

Loss and LAE, net decreased $3.1 million, or 2%, to $136.4 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The decrease was primarily due to improvement in overall loss ratio driven by reduced impact of catastrophe events, lower frequency and severity in certain lines, and reduction in loss adjustment expenses. Net incurred losses during the second quarter of 2023 included $10.0 million from winter storm Elliott and $3.5 million from the hail storm that impacted customers in Texas.

Other Insurance Expense

Other insurance expense increased $7.5 million, or 26%, to $36.1 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. Professional fees and other services increased $2.1 million, or 23%, as compared to the six months ended June 30, 2023, primarily in support of growth and expansion initiatives. Credit card fees also increased $2.1 million, or 34%, as compared to the six months ended June 30, 2023, as a result of the increase in customers and associated premium. Employee-related expense, including stock-based compensation, increased $2.0 million, or 24%, as compared to the six months ended June 30, 2024. Amortization of deferred acquisition costs, net of ceding commissions increased $1.2 million, or 24%, as compared to the six months ended June 30, 2023.

Sales and Marketing

Sales and marketing expense increased $14.2 million, or 27%, to $67.2 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. Expense related to advertising, other customer acquisition channels and partner payments increased $14.6 million, or 47%, as compared to the six months ended June 30, 2023. Compensation expense related to the warrant shares increased $1.9 million, or 317%, as compared to the six months ended June 30, 2023. Employee-related expense, including stock-based compensation, decreased by $3.2 million, or 18% as compared to the six months ended June 30, 2023.

Technology Development

Technology development expense decreased $3.8 million, or 8%, to $42.1 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. Employee-related expense, including stock-based compensation, net of capitalized costs for the development of internal-use software, decreased $2.6 million, or 7%, as compared to the six months ended June 30, 2023. Occupancy costs decreased by $0.7 million, or 32%, as compared to the six months ended June 30, 2023. Hosting and development costs also decreased by $0.4 million, or 9%, as compared to the six months ended June 30, 2023.

General and Administrative

General and administrative expense decreased $3.8 million, or 6%, to $59.6 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. Employee-related expense, including stock-based compensation, decreased by $2.8 million, or 10%, as compared to the six months ended June 30, 2023. Insurance expense decreased $2.0 million, or 56% compared to the six months ended June 30, 2023. Bad debt expense increased $1.4 million, or 36% compared to the six months ended June 30, 2023.

Income Tax Expense

Income tax expense increased $1.8 million, or 75%, to $4.2 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 due to change in transfer pricing methodology and uncertain tax position.

Net Loss

Net loss decreased $28.5 million, or 21%, to $104.5 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 due to the factors described above.

Non-GAAP Financial Measures

The non-GAAP financial measures below have not been calculated in accordance with U.S. GAAP and should be considered in addition to results prepared in accordance with U.S. GAAP and should not be considered as a substitute for, or superior to, U.S. GAAP results. In addition, adjusted gross profit and adjusted gross profit margin, ratio of adjusted gross profit to gross earned premium, and adjusted EBITDA should not be construed as indicators of our operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that they fail to address. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions. Therefore, its use can make it difficult to compare our current results with our results from other reporting periods and with the results of other companies.

Our management uses these non-GAAP financial measures, in conjunction with U.S. GAAP financial measures, as an integral part of managing our business and to, among other things: (i) monitor and evaluate the performance of our business operations and financial performance; (ii) facilitate internal comparisons of the historical operating performance of our business operations; (iii) facilitate external comparisons of the results of our overall business to the historical operating performance of other companies that may have different capital structures and debt levels; (iv) review and assess the operating performance of our management team; (v) analyze and evaluate financial and strategic planning decisions regarding future operating investments; and (vi) plan for and prepare future annual operating budgets and determine appropriate levels of operating investments.

Adjusted Gross Profit and Adjusted Gross Profit Margin

We define adjusted gross profit, a non-GAAP financial measure, as gross profit excluding net investment income, interest income and other income, and net realized gains and losses on sale of investments, plus fixed costs and overhead associated with our underwriting operations including employee-related expense, professional fees and other, and depreciation and amortization allocated to cost of revenue, and other adjustments that we would consider to be unique in nature. After these adjustments, the resulting calculation is inclusive of only those variable costs of revenue incurred on the successful acquisition of business and without the volatility of investment income. We use adjusted gross profit as a key measure of our progress towards profitability and to consistently evaluate the variable contribution to our business from underwriting operations from period to period.

We define adjusted gross profit margin, a non-GAAP financial measure, expressed as a percentage, as the ratio of adjusted gross profit to total revenue.

The following table provides a reconciliation of total revenue and gross profit margin to adjusted gross profit and the related adjusted gross profit margin, respectively, for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	($ in millions)			
Total revenue	$ 122.0	$ 104.6	$ 241.1	$ 199.8
Adjustments:				
Loss and loss adjustment expense, net	$ (70.5)	$ (75.9)	$ (136.4)	$ (139.5)
Other insurance expense	(18.8)	(15.0)	(36.1)	(28.6)
Depreciation and amortization	(1.9)	(1.6)	(3.1)	(3.1)
Gross profit	$ 30.8	$ 12.1	$ 65.5	$ 28.6
Gross profit margin (% of total revenue)	25 %	12 %	27 %	14 %
Adjustments:				
Net investment income	$ (8.1)	$ (5.6)	$ (15.7)	$ (10.6)
Interest income and other income	(2.3)	(0.8)	(4.5)	(1.5)
Employee-related expense	5.1	4.7	10.5	8.5
Professional fees and other	6.0	4.6	11.2	9.1
Depreciation and amortization	1.9	1.6	3.1	3.1
Adjusted gross profit	$ 33.4	$ 16.6	$ 70.1	$ 37.2
Adjusted gross profit margin (% of total revenue)	27 %	16 %	29 %	19 %

Ratio of Adjusted Gross Profit to Gross Earned Premium

We define the Ratio of Adjusted Gross Profit to Gross Earned Premium as the ratio of adjusted gross profit to gross earned premium. The Ratio of Adjusted Gross Profit to Gross Earned Premium measures the relationship between the underlying business volume and gross economic benefit generated by our underwriting operations, on the one hand, and our underlying profitability trends, on the other. We rely on this measure, which supplements our gross profit ratio as calculated in accordance with U.S. GAAP, because it provides management with insight into our underlying profitability trends over time.

We use gross earned premium as the denominator in calculating this ratio, which excludes the impact of premiums ceded to reinsurers, because we believe that it reflects the business volume and the gross economic benefit generated by our underlying underwriting operations, which in turn are the key drivers of our future profit opportunities. We exclude the impact of ceded premiums from the denominator because ceded premiums can change rapidly and significantly based on the type and mix of reinsurance structures we use and, therefore, add volatility that is not indicative of our underlying profitability. For example, a shift to a proportional reinsurance arrangement would result in an increase in ceded premium, with offsetting benefits to gross profit from ceded losses and ceding commissions earned, resulting in a nominal overall economic impact. This shift would result in a steep decline in total revenue with a corresponding spike in gross margin, whereas we expect that the Ratio of Adjusted Gross Profit to Gross Earned Premium would remain relatively unchanged. We expect our reinsurance structure to evolve along with our costs and capital requirements, and we believe that our reinsurance structure at a given time does not reflect the performance of our underlying underwriting operations, which we expect to be the key driver of our costs of reinsurance over time.

On the other hand, the numerator, which is adjusted gross profit, includes the net impact of all reinsurance, including ceded premiums and the benefits of ceded losses and ceding commissions earned. Because our reinsurance structure is a key component of our risk management and a key driver of our profitability or loss in a given period, we believe this is meaningful.

Therefore, by providing this Ratio of Adjusted Gross Profit to Gross Earned Premium for a given period, we are able to assess the relationship between business volume and profitability, while eliminating the volatility from the cost of our then-current reinsurance structure, which is driven primarily by the performance of our insurance underwriting platform rather than our business volume.

The following table sets forth our calculation of the Ratio of Adjusted Gross Profit to Gross Earned Premium for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	($ in millions)			
Numerator: Adjusted gross profit	$ 33.4	$ 16.6	$ 70.1	$ 37.2
Denominator: Gross earned premium	$ 199.9	$ 163.9	$ 387.8	$ 318.1
Ratio of Adjusted Gross Profit to Gross Earned Premium	17 %	10 %	18 %	12 %

Adjusted EBITDA

We define adjusted EBITDA, a non-GAAP financial measure, as net loss excluding income tax expense, depreciation and amortization, stock-based compensation, interest expense, interest income and others, net investment income, net realized gains and losses on sale of investments, change in fair value of warrants liability, amortization of fair value adjustment on insurance contract intangible liability relating to the Metromile Acquisition, and other non-cash adjustments and other transactions that we would consider to be unique in nature. We exclude these items from adjusted EBITDA because we do not consider them to be directly attributable to our underlying operating performance. We use adjusted EBITDA as an internal performance measure in the management of our operations because we believe it gives our management and other customers of our financial information useful insight into our results of operations and our underlying business performance. Adjusted EBITDA should not be viewed as a substitute for net loss calculated in accordance with U.S. GAAP, and other companies may define adjusted EBITDA differently.

The following table provides a reconciliation of adjusted EBITDA to net loss for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	($ in millions)			
Net loss	$ (57.2)	$ (67.2)	$ (104.5)	$ (133.0)
Adjustments:				
Income tax expense	2.1	1.3	4.2	2.4
Depreciation and amortization	5.2	5.0	10.2	10.2
Stock-based compensation [1]	15.4	14.8	30.3	30.2
Interest expense	1.1	—	1.7	—
Interest income and others	(1.6)	(0.8)	(3.1)	(1.5)
Net investment income	(8.1)	(5.6)	(15.7)	(10.6)
Change in fair value of warrants liability	—	—	—	(0.3)
Amortization of fair value adjustment on insurance contract intangible liability relating to the Metromile acquisition	(0.1)	(0.2)	(0.2)	(0.9)
Other adjustments [2]	0.2	—	0.2	—
Adjusted EBITDA	$ (43.0)	$ (52.7)	$ (76.9)	$ (103.5)

(1) Includes compensation expense related to warrant shares of $1.6 million and $2.5 million for the three and six months ended June 30, 2024, respectively, and $0.6 million for both the three and six months ended June 30, 2023.

(2) Consisted primarily of impairment charge of $0.3 million related to a portion of the New York office sublease (refer to Note 15 of the unaudited condensed consolidated financial statements), net of gain on termination of lease.

Liquidity and Capital Resources

As of June 30, 2024, we had $343.2 million in cash and cash equivalents, and $581.2 million in investments. From the date we commenced operations, we have generated negative cash flows from operations, and we have financed our operations primarily through private and public sales of equity securities and third party financing. Our principal sources of funds are insurance premiums, investment income, reinsurance recoveries and proceeds from the maturity and sale of invested assets. These funds are primarily used to pay claims, operating expenses and taxes. In June 2023, we entered into an Agreement with GC, where up to $150 million of financing will be provided for our sales and marketing growth efforts through December 31, 2024. The Agreement was amended and restated in January 2024, pursuant to which an additional financing of $140 million will be provided for our sales and marketing growth efforts through December 31, 2025, and was further amended and restated in April 2024 and June 2024 to clarify certain provisions and all material terms and conditions remain unchanged. As of June 30, 2024, we had $43.9 million of outstanding borrowings under the Amended and Restated Agreement with GC. We believe our existing cash and cash equivalents as of June 30, 2024 will be sufficient to meet our working capital, liquidity and capital expenditure needs for at least the next 12 months. This belief is subject, to a certain extent, on general economic, financial, competitive, regulatory and other factors that are beyond our control.

Our cash flows used in operations may differ substantially from our net loss due to non-cash charges or due to changes in balance sheet accounts.

The timing of our cash flows from operating activities can also vary among periods due to the timing of payments made or received. Some of our payments and receipts, including loss settlements and subsequent reinsurance receipts, can be significant. Therefore, their timing can influence cash flows from operating activities in any given period. The potential for a large claim under an insurance or reinsurance contract means that our insurance subsidiaries may need to make substantial payments within relatively short periods of time, which would have a negative impact on our operating cash flows.

We are a holding company that transacts a majority of our business through operating subsidiaries. Consequently, our ability to pay dividends to stockholders, meet debt payment obligations and pay taxes and operating expenses is largely dependent on dividends or other distributions from our subsidiaries and affiliates, whose ability to pay us is highly regulated.

Our U.S. and Dutch insurance company subsidiaries, and our Dutch insurance holding company, are restricted by statute as to the amount of dividends that they may pay without the prior approval of their respective competent regulatory authorities. As of June 30, 2024, cash and investments held by these companies was $470.3 million of which $201.9 million is held as regulatory surplus.

Insurance companies in the United States are also required by state law to maintain a minimum level of policyholder's surplus. Insurance regulators in the states in which we operate have a risk-based capital standard designed to identify property and casualty insurers that may be inadequately capitalized based on inherent risks of the insurer's assets and liabilities and its mix of net written premium. Insurers falling below a calculated threshold may be subject to varying degrees of regulatory action. As of June 30, 2024, the total adjusted capital of our U.S. insurance subsidiaries was in excess of its respective prescribed risk-based capital requirements.

The following table summarizes our cash flow data for the periods presented:

	Six Months Ended June 30,	
	2024	2023
	($ in millions)	
Net cash used in operating activities	$ (41.5)	$ (96.7)
Net cash provided by investing activities	$ 92.2	$ 4.4
Net cash provided by financing activities	$ 29.1	$ 0.3

Operating Activities

Cash used in operating activities was $41.5 million for the six months ended June 30, 2024, a decrease of $55.2 million from $96.7 million for the six months ended June 30, 2023. This reflected the $28.5 million decrease in our net loss, primarily offset by changes in our operating assets and liabilities. The decrease in cash used in operating activities from the six months ended June 30, 2024 compared to the six months ended June 30, 2023 was primarily due to claim payments, settlements with our reinsurance partners, and growth and expansion spend of the Company, offset by collection of premiums and recoveries from reinsurance partners.

Investing Activities

Cash provided by investing activities was $92.2 million for the six months ended June 30, 2024, primarily due to proceeds from sales and maturities of U.S. government obligations, corporate debt securities, asset-backed securities, short term investments offset by purchases of U.S. government obligations, corporate debt securities, asset-backed securities, short term investments. We also purchased property and equipment during the period.

Cash provided by investing activities was $4.4 million for the six months ended June 30, 2023, primarily due to proceeds from sales and maturities of U.S. government obligations, corporate debt securities, short term investments offset by purchases of U.S. government obligations, corporate debt securities, short term investments. We also purchased property and equipment during the period.

Financing Activities

Cash provided by financing activities was $29.1 million for the six months ended June 30, 2024, primarily due to borrowings under the financing agreement offset by principal payments. We also had proceeds from stock option exercises during the period.

Cash provided by financing activities was $0.3 million for the six months ended June 30, 2023, primarily due to proceeds from stock option exercises.

We do not have any current plans for material capital expenditures other than current operating requirements. There have been no material changes as of June 30, 2024 to our contractual obligations from those described in our Annual Report on Form 10-K. To the extent our future operating cash flows are insufficient to cover our net losses from catastrophic events, we had $930.9 million in cash and cash equivalents, and investments available at June 30, 2024. We may also seek to raise additional capital through third-party borrowings, sales of our equity, issuance of debt securities or entrance into new reinsurance arrangements. There can be no assurance that we will be able to raise additional capital on favorable terms or at all.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires our management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. We evaluate our significant estimates on an ongoing basis, including, but not limited to, estimates related to unpaid loss and loss adjustment expense, reinsurance assets, intangible assets, goodwill impairment analysis, income tax assets and liabilities, including recoverability of our net deferred tax asset, income tax provisions and certain non-income tax accruals. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Our critical accounting policies are described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in our Annual Report on Form 10-K and the notes to the unaudited interim condensed consolidated financial statements appearing elsewhere in this Quarterly Report. During the six months ended June 30, 2024, there were no material changes to our critical accounting policies from those discussed in our Annual Report on Form 10-K.

Recently Issued and Adopted Accounting Pronouncements

See “Note 4 — Summary of Significant Accounting Policies” in the notes to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report for a discussion of new accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is the risk of economic losses due to adverse changes in the estimated fair value of a financial instrument as the result of changes in equity prices, interest rates, foreign currency exchange rates and commodity prices. Our consolidated balance sheets include assets and liabilities with estimated fair values that are subject to market risk, and the primary components of market risk affecting the Company are interest rate risk and credit risk on investments in fixed maturities. The Company does not have equity price risk or exposure to commodity risk. There were no invested assets denominated in foreign currencies.

Overview

The Company's investment portfolio is primarily fixed income securities issued by the U.S. government and government agencies and corporate issuers with relatively short durations. The investment portfolio is managed in accordance with the investment policies and guidelines approved by the board of directors. The Company's investment policy and objectives provide a balance between current yield, conservation of capital, and liquidity requirements of the Company's operations setting guidelines that provide for a well-diversified investment portfolio that is compliant with insurance regulations applicable in the states in which we operate. The policy, which may change from time to time, and is approved by the board of directors and reviewed on a regular basis in order to ensure that the policy evolves in response to changes in the financial markets.

Interest Rate Risk

Interest rate risk is the risk that the Company will incur a loss due to adverse changes in interest rates relative to the interest rate characteristics of interest bearing assets and liabilities. Our fixed maturities portfolio is exposed to interest rate risk. Changes in interest rates have a direct impact on the market valuation of these securities. As market interest rates increase, market value of fixed maturities decrease, and vice versa. Certain of our securities are held in an unrealized loss position, and we do not intend to sell and believe we will not be required to sell any of these securities held in an unrealized loss position before its anticipated recovery. A common measure of the interest sensitivity of fixed maturities is modified duration, a calculation that utilizes maturity, coupon rate, yield and call terms to calculate an average age to receive the present value of all the cash flows generated by such assets, including reinvestment of interest. The longer the duration, the more sensitive the asset is to market interest rate fluctuations. We manage this interest rate risk by investing in securities with relatively short durations. In addition, if a 10% change in interest rates were to have immediately occurred on June 30, 2024, this change would not have a material effect on the fair value of our investments as of that date.

Credit Risk

We are also exposed to credit risk on our investment portfolio and reinsurance recoverable. Credit risk results from uncertainty in a counterparty's ability to meet its obligations. We monitor our investment portfolio to ensure that credit risk does not exceed prudent levels. The majority of our investment portfolio is invested in high credit quality, investment grade fixed maturity securities. As of June 30, 2024, none of our fixed maturity portfolio was unrated or rated below investment grade. To reduce credit exposure to reinsurance recoverable balances, the Company obtains letters of credit from certain reinsurers that are not authorized as reinsurers under U.S. state insurance regulations. In addition, under the terms of its reinsurance contracts, the Company may retain funds due to reinsurers as security for those recoverable balances. The Company also has reinsurance recoverable balances from reinsurers with all but one having an A.M. Best rating of A (Excellent) or better.

Inflation Risk

Inflationary factors such as increases in overhead costs may adversely affect our operating results. In addition, inflation could lead to higher interest rates which may impact the market value of our investment portfolio. The current short duration of the Company's fixed maturity portfolio minimizes the negative effects of higher interest rates.

Item 4. Controls and Procedures.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and principal financial officer concluded that, as of June 30, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is occasionally a party to routine claims or litigation incidental to its business. The Company does not believe that it is a party to any pending legal proceeding that is likely to have a material adverse effect on its business, financial condition or results of operations. See Note 15 to the accompanying unaudited condensed consolidated financial statements for more information

Item 1A. Risk Factors.

The Company's business, results of operations, and financial condition are subject to various risks described in the Company's Annual Report on Form 10-K. There have been no material changes to the risk factors identified in the Company's Annual Report on Form 10-K.

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

Recent Sales of Unregistered Securities; Purchases of Equity Securities by the Issuer or Affiliated Purchaser

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(a) As of July 26, 2024, the Company, together with certain of its wholly-owned subsidiaries, finalized the renewal of its Reinsurance Program, effective on July 1, 2024, and expiring on June 30, 2025. The Reinsurance Program includes Whole Account Quota Share Reinsurance Contracts by and among the Company, LIC, MIC and LINV, and each of Hannover Ruck SE, MAPFRE Re, and Swiss Reinsurance America Corporation. The contracts underlying the Reinsurance Program as well as the PPR Contract were renewed on substantially similar terms as the previous program and contain standard customary representations, warranties and covenants, and will continue to be in effect unless terminated by any party pursuant to its terms.

Under the Reinsurance Program, which spans all products and geographies, the Company transfers, or "cedes," a share of premium to the Reinsurers. In exchange, these Reinsurers pay the Company a ceding commission on all premiums ceded to the Reinsurers, in addition to funding the corresponding claims, subject to certain limitations, including but not limited to, the exclusion of hurricane losses, and a limit of $10,000,000 per occurrence for non-hurricane catastrophe losses. The overall share of proportional reinsurance under the Reinsurance Program is approximately 55% of premium. The Per Risk Cap across the contracts is $750,000. Additionally, the contracts are subject to loss ratio caps and variable commission levels, which align the Company's interests with those of its Reinsurers.

In addition, LIC and MIC renewed the PPR Contract with a panel of reinsurers, under which claims in excess of $750,000 are 100% ceded up to a maximum recovery of $2,250,000, subject to certain limitations.

The foregoing description of the contracts underlying the Reinsurance Program and the PPR Contract does not purport to be complete and is qualified in its entirety by reference to the full text of those contracts, a copy of each is filed as Exhibit 10.2, Exhibit 10.3, Exhibit 10.4 and Exhibit 10.5 to this Quarterly Report on Form 10-Q and incorporated herein by reference.

(b) None.

(c) On June 14, 2024 , Adina Eckstein , our Chief Operating Officer, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 47,288 shares of the Company's common stock until December 31, 2024 . Except for the foregoing, during the three months ended June 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
2.1	Agreement and Plan of Merger, dated as of November 8, 2021, by and among Lemonade, Inc., Metromile, Inc., Citrus Merger Sub A, Inc. a wholly-owned subsidiary of Lemonade, Inc. and Citrus Merger Sub B, LLC, a wholly-owned subsidiary of Lemonade, Inc.	S-4	333-261629	2.3	12/14/2021
3.1	Amended and Restated Certificate of Incorporation of Lemonade, Inc.	8-K	001-39367	3.1	7/10/2020
3.2	Amended and Restated By-laws of Lemonade, Inc.	8-K	001-39367	3.1	12/20/2023
4.1	Specimen Common Stock Certificate of Lemonade, Inc.	S-1/A	333-239007	4.1	6/23/2020
4.2	Form of Warrant Certificate of Metromile, Inc.	S-1	333-253055	4.2	2/12/2021
4.3	Warrant Agreement, dated September 2, 2020, between INSU Acquisition Corp. II and Continental Stock Transfer & Trust Company, as warrant agent	8-K	001-39484	4.1	9/9/2020
10.1*†	Amended and Restated Customer Investment Agreement dated June 27, 2024, between Lemonade, Inc. and GC Customer Value Arranger LLC, as Arranger on behalf of the Investors.				
10.2*†	Property Per Risk Excess of Loss Contract issued to Lemonade Insurance Company and Metromile Insurance Company by Subscribing Reinsurers effective July 1, 2024.				
10.3*†	Whole Quota Share Reinsurance Contract issued to Lemonade Insurance Company, Lemonade Insurance N.V. and Metromile Insurance Company by the Subscribing Reinsurer, Hannover Ruck SE effective July 1, 2024.				
10.4*†	Whole Quota Share Reinsurance Contract issued to Lemonade Insurance Company, Lemonade Insurance N.V. and Metromile Insurance Company by the Subscribing Reinsurer, MAPFRE Re (Spain) dated effective July 1, 2024.				
10.5*†	Whole Quota Share Reinsurance Contract issued to Lemonade Insurance Company and Metromile Insurance Company by the Subscribing Reinsurer, Swiss Reinsurance America Corporation effective July 1, 2024.				
31.1*	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a).				
31.2*	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a).				
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.				
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.				
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because the XBRL tags are embedded within the Inline XBRL document				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

* Filed herewith.

** Furnished herewith.

† Portions of this exhibit have been redacted in compliance with Regulation S-K Item 601(b)(10)(iv).

SIGNATURES

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

Lemonade, Inc.

Date: July 31, 2024

By: /s/ Daniel Schreiber
Daniel Schreiber
Chief Executive Officer

Date: July 31, 2024

By: /s/ Tim Bixby
Tim Bixby
Chief Financial Officer

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10) because it is both not material and the type of information that the registrant treats as private or confidential.

Dated as of June 27, 2024

LEMONADE, INC.,
as Company

and

GC CUSTOMER VALUE ARRANGER, LLC,
as Arranger, on behalf of the Investors

THIRD AMENDED AND RESTATED CUSTOMER INVESTMENT AGREEMENT

TABLE OF CONTENTS

THIRD AMENDED AND RESTATED CUSTOMER INVESTMENT AGREEMENT

This THIRD AMENDED AND RESTATED CUSTOMER INVESTMENT AGREEMENT (this "**Agreement**") is entered into as of June 27, 2024, by and between Lemonade, Inc., a Delaware public benefit corporation (together with its affiliates, successors and assigns, "**Company**") and GC CUSTOMER VALUE ARRANGER, LLC, a Delaware limited liability company, as arranger (in such capacity, together with its successors and assigns in such capacity, the "**Arranger**"), on behalf of certain funds and accounts specified as "Investors" in acceptance herewith (the "**Investors**").

RECITALS

Company and Arranger entered into that certain customer investment agreement, dated as of June 28, 2023 (the "**Original Agreement**") facilitating funding to Company by Arranger on the terms contained therein. Company and Arranger amended and restated the Original Agreement as of January 8, 2024 (the "**First Amended and Restated Agreement**"), and further amended and restated the First Amended and Restated Agreement as of April 3, 2024 (the "**Second Amended and Restated Agreement**"), in its entirety.

Company and Arranger have agreed to further amend and restate the Second Amended and Restated Agreement in its entirety, for good and valuable consideration, the receipt and sufficiency of which are hereby recognized, and the mutual agreements herein contained and in reliance thereon, and execute this Agreement which shall facilitate funding to Company pursuant to the terms of this Agreement and as further set forth in each Investment Request, to fund the acquisition of Reference Cohorts during a given Growth Period through advertising, marketing, or other related expenses designed to attract new Customers.

As further outlined herein (including the Specified Commercial Terms in Schedule A hereto), Arranger shall, pursuant to the terms hereof and of any such agreed and countersigned Investment Request, facilitate funding by Investors of the Investment Amount, and the related Investors shall be entitled to certain Reference Income from Company based on such Reference Cohorts.

The parties hereto agree that the Second Amended and Restated Agreement is hereby amended and restated as follows:

AGREEMENT

The parties agree as follows:

1. **Definitions and Construction.**

1.1 **Definitions**. As used in this Agreement, the following terms shall have the following definitions:

"**Actual Growth Spend**" means, with respect to any Growth Period, the actual amount of Growth Spend by Company during such period.

"**Affiliate**" means, with respect to any Person, any Person that Controls such Person, any Person that Controls or is Controlled by or is under common Control with such Person, and each of such Person's senior executive officers, directors, and partners.

"**Anti-Corruption Laws**" means (a) The U.S. Foreign Corrupt Practices Act of 1977, as amended; (b) the U.K. Bribery Act 2010, as amended; and (c) any other applicable anti-bribery or anti-corruption Laws, regulations or ordinances of any jurisdiction in which Company is located or doing business.

"**Anti-Money Laundering Laws**" means all applicable Laws in any jurisdiction in which Arranger or Company is located, incorporated, established, organized, resident or domiciled or doing business that relates to money laundering or terrorism financing, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto, including the Money Laundering Control Act, 18 U.S.C. §§ 1956 and 1957, as amended, and the Bank Secrecy Act, 31 U.S.C. §§ 5311 *et seq.*, as amended by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56), the Anti-Money Laundering Act of 2020, and its implementing regulations (collectively, the "**Bank Secrecy Act**"), and any applicable related or similar rules, regulations or guidelines, which in each case are issued, administered or enforced by any Governmental Authority from time to time.

"**Arranger**" has the meaning assigned thereto in the introductory paragraph of this Agreement.

"**Availability Period**" means the period of time from the Effective Date through and including the last day of the Commitment Period (as may be extended). Upon the date that is thirty (30) days prior to the end of the Availability Period (such end of the Availability Period, the "**Roll Date**"), the Availability Period shall automatically be modified to end on the date that is the one (1) year anniversary of the Roll Date provided neither Company nor Arranger provide notice in writing to the other party indicating its desire to not extend the Availability Period at least thirty (30) days before the Roll Date.

"**Borderline Cohort**" has the meaning specified in the definition of Funding Threshold Breach below.

"**Borderline Funding Threshold Test**" has the meaning set forth in the Specified Commercial Terms.

"**Business Day**" means any day that is not a Saturday, Sunday, or other day on which banks in New York City are authorized or required to close.

"**Cancellation Event**" means the occurrence of (i) a Sale of Company about which Arranger has not been notified, (ii) an Insolvency Proceeding with respect to Company, (iii) any representation or warranty by Company hereunder is incorrect when made and such inaccuracy has resulted or is reasonably likely to result in a Material Adverse Change, or (iv) a breach by Company of any covenants set forth in Section 5 or of any other term of this Agreement that has resulted or is reasonably likely to result in a Material Adverse Change.

"**Cash**" means cash and Cash Equivalents.

"**Cash Equivalents**" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc.; and (c) certificates of deposit issued maturing no more than one (1) year after issue.

"**Cohort Threshold Breach**" means, with respect to any Tested Cohort, the failure to satisfy on any day the Cohort Threshold Test set forth in the Specified Commercial Terms.

"**Cohort Threshold Test**" has the meaning set forth in the Specified Commercial Terms.

"**Commitment Period**" has the meaning set forth in the Specified Commercial Terms.

"**Control**" of any Person means the possession, directly or indirectly, of either (a) the power to vote, or the beneficial ownership of, 50.1% or more of the equity interests having ordinary voting power for the election of directors of such Person or (b) the power to direct or cause the direction of the management and policies of such Person, whether through the ability to exercise voting power, by contract or otherwise.

"**Controlled Investment Affiliate**" of any Person means any fund or investment vehicle that (a) is organized or managed by such Person for the purpose of making equity or debt investments or (b) is Controlled by such Person or an Affiliate of such Person.

"**Customer**" means each Person who entered into a Customer Agreement with Company or any Affiliate of Company.

"**Customer Agreement**" means, with respect to any Customer, each of the agreements and other documents entered into between such Customer and Company (whether by the execution of a single contract or through the acceptance of generally available terms of service) governing their commercial relationship.

"**Data Protection Law**" means any law, rule or regulation applicable from time to time governing the protection, privacy, security, or processing of data in any jurisdiction applicable to Company or data processed by Company, including (without limitation) the General Data Protection Regulation (EU) 2016/679 (the "**GDPR**"), the Data Protection Act 2018 ("**DPA 2018**"), the UK GDPR (as defined in section 3(10) (as supplemented by section 205(4)) of the Data Protection Act 2018), the Privacy and Electronic Communications (EC Directive) Regulations 2003 (and any applicable implementing legislation), the California Consumer Privacy Act ("**CCPA**"), the California Privacy Rights Act ("**CPRA**") and the Massachusetts Data Security Regulation, in each case as the same may be re-enacted, applied, amended, superseded, repealed or consolidated.

"**Default Rate**" shall be a rate equal to 16.00% per annum.

"**Disbursement Date**" means [***] days after the date that any Disbursement Date Report is required to be delivered hereunder.

"**Disbursement Date Report**" has the meaning assigned thereto in Section 2.2(b).

"**Early Termination Event**" means (a) it has been determined by a court of competent jurisdiction in a final and nonappealable judgment or by a regulatory authority with jurisdiction over the Company or any of its Affiliates that the Company and/or any of its Affiliates committed and/or engaged in fraud, embezzlement, gross malfeasance or any other form of willful misconduct, or (b) the Company and/or any of its Affiliates violated any applicable state or national insurance capital requirements or any term of any reinsurance contract, and such violation could be reasonably expected to have a material adverse effect on the collectability of the Invested Receivables or Investor's ability to receive its investment return.

"**Effective Date**" means June 28, 2023.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder.

"**Excluded Taxes**" means any of the following taxes imposed on or with respect to Arranger or any Investor (or any assignee) or required to be withheld or deducted from a payment to Arranger, on behalf of the related Investors (or any assignee) (a) any taxes imposed on or measured by net income (however denominated), franchise taxes, and branch profits taxes, in each case, (x) imposed as a result of Arranger or any Investor being organized under the laws of, or having its principal office or its applicable transacting office located in, the jurisdiction imposing such tax, or in any political subdivision thereof or (y)imposed as a result of a present or former connection between Arranger or any Investor and the jurisdiction imposing such tax (other than connections arising from such Investor having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced this Agreement, or sold or assigned an interest in any Invested Receivable), (b) any U.S. federal withholding taxes imposed on amounts payable to or for the account of Arranger or any Investor pursuant to a law in effect on the date on which (i) Investor acquires such interest in the applicable Invested Receivable or (ii) Investor changes its transacting office, (c) taxes attributable to Arranger's failure to comply with Section 10 hereof, and (d) any U.S. backup withholding taxes.

"**Expected Growth Spend**" means, with respect to any Growth Period, the amount of Growth Spend that Company expects in good faith to spend during such Growth Period, as indicated on Schedule **Error! Reference source not found.** (as amended from time to time), which is expected to be sales and marketing spend as shown on the face of the Company's statement of profit and loss, less all employee related costs, general overhead and non-cash expenses.

"**Funding Adjustment**" shall mean an update to the Schedule of Investments attached hereto as Annex I to account for a Spend Reconciliation in the form attached hereto as Exhibit B.

"**Funding Threshold Breach**" means, with respect to any Tested Cohort, the failure to satisfy on any day the Funding Threshold Test set forth in the Specified Commercial Terms;

provided, however, that if only one (1) Tested Cohort (such Tested Cohort, a "**Borderline Cohort**") does not satisfy the Funding Threshold Test but such Borderline Cohort does satisfy the Borderline Funding Threshold Test, then such Borderline Cohort will be deemed to have satisfied the Funding Threshold Test and no Funding Threshold Breach will have occurred. For the avoidance of doubt, a Funding Threshold Breach will occur if at any time there is more than one (1) Tested Cohort which does not satisfy the Funding Threshold Test or if there is only one (1) Borderline Cohort, but the Borderline Cohort does not satisfy the Borderline Funding Threshold Test.

"**Funding Threshold Test**" has the meaning set forth in the Specified Commercial Terms.

"**GAAP**" means generally accepted accounting principles in the United States as in effect from time to time.

"**Government Entity**" means (a) a Governmental Authority; (b) a government-owned/government-run/government-controlled association, organization, business, or enterprise; or (c) a political party.

"**Government Official**" means (a) an employee, officer, or representative of, or any person otherwise acting in an official capacity for or on behalf of a Government Entity; (b) a legislative, administrative, or judicial official; (c) a candidate for political office; or (d) an individual who holds any other official, ceremonial, or other appointed or inherited position with a government or any of its agencies.

"**Governmental Authority**" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank).

"**Indebtedness**" of any Person at any date means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person under leases which are or should be, in accordance with GAAP, recorded as capital leases in respect of which such Person is liable, (e) all obligations of such Person to purchase securities (or other property) which arise out of or in connection with the sale of the same or substantially similar securities (or property), (f) all deferred obligations of such Person to reimburse any bank or other Person in respect of amounts paid or advanced under a letter of credit or other instrument, (g) all debt of others of the type set forth in (a) through (f) above secured by a Lien on any asset of such Person, whether or not such debt is assumed by such Person, (h) all debt of others of the type set forth in (a) through (f) above guaranteed directly or indirectly by such Person or as to which such Person has an obligation substantially the economic equivalent of a guaranty, and (i) interests of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to property of Company (excluding accounts payable arising in the ordinary course of business).

"**Insolvency Proceeding**" means any proceeding commenced by or against any person or entity under any provision of the United States Bankruptcy Code, the equivalent bankruptcy, insolvency, liquidation, conservatorship, winding up, reorganization or restructuring Law under any other jurisdiction, in each case as amended, or under any other bankruptcy, liquidation, conservatorship or insolvency law, including assignments for the benefit of creditors, formal or informal moratoria, receivership, compositions, extension generally with its creditors, proceedings seeking reorganization, arrangement, or other relief or similar laws affecting the rights of creditors generally.

"**Investment Amount**" shall mean, with respect to any Invested Receivable, the investment amount set forth in the Investment Request for the Growth Period associated with such Reference Cohort that has been requested by Company and funded by the applicable Investors upon the acceptance by Arranger of such Investment Request, subject to adjustment outlined in Section 2.1(d).

"**Investment Company Act**" means the Investment Company Act of 1940, as amended or otherwise modified from time to time.

"**Investment Funding Date**" means the date Investors actually fund the requested Investment Amount in response to any applicable Investment Request.

"**Investment Request**" means a request from Company to Arranger for the funding of an Investment Amount in the form attached hereto as Exhibit A.

"**Investment Request Date**" means the date of the applicable Investment Request.

"**Investor**" means the Persons listed on Schedule C, as such Schedule may be amended, restated or otherwise revised by Arranger in accordance with this Agreement.

"**Investor Cap Amount**" has the meaning set forth in the Specified Commercial Terms.

"**Investor Cap Percentage**" has the meaning set forth in the Specified Commercial Terms.

"**Investor Funding Percentage**" has the meaning set forth in the Specified Commercial Terms.

"**Investor Sharing Percentage**" has the meaning set forth in the Specified Commercial Terms.

"**Laws**" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"**Lien**" means any mortgage, lien (statutory or otherwise), deed of trust, charge, pledge, hypothecation, assignment, deposit arrangement, security interest or other encumbrance or preferential arrangement of any kind, in each case, in the nature of security. For the avoidance of doubt, other agreements similar in nature to this Agreement made by Company that pledge income associated with an Invested Receivable (or similar) shall also constitute a "Lien" on such Invested Receivable.

"**Material Adverse Change**" means an event that results or is reasonably likely to result in (a) a material adverse effect or the ability of Company to fulfill its obligations hereunder, (b) a material deterioration in the Company's ability to collect upon or receive value from Invested Receivables in a timely manner or (c) the impairment of the validity or enforceability of, or a material adverse effect on the rights or remedies available to, Arranger under this Agreement.

"**OFAC**" means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

"**Open Reference Cohort**" means any Reference Cohort during the period from the Investment Request Date related thereto until the earlier of (i) the date that the Outstanding Investor Share attributable to such Reference Cohort is equal to $0.00 and (ii) the date that is ten (10) years following the last day of the Growth Period in which such Reference Cohort was originated.

"**Outstanding Investor Share**" means, with respect to any Reference Cohort on any date of determination, the greater of (x) zero (0) and (y) the difference between (i) the Investor Cap Amount for such Reference Cohort, *minus* (ii) the aggregate amount of Reference Income for such Reference Cohort remitted to the applicable Investors by Company on or before such date; **provided that** on and after the date that is ten (10) years following the last day of the Growth Period in which such Reference Cohort was originated, the "**Outstanding Investor Share**" with respect to such Reference Cohort shall be zero ($0.00).

"**Percentage Interest**" means, with respect to any Periodic Funding Amount and any related individual Investor, the percentage obtained by dividing (a) the aggregate payments advanced by such Investor in relation to such Periodic Funding Amount by (b) the total amount of such Periodic Funding Amount.

"**Periodic Funding Amount**" has the meaning set forth in the Specified Commercial Terms.

"**Permitted Liens**" means the following: (a) Liens for taxes, fees, assessments or other governmental charges or levies that are not delinquent and (b) Liens arising by applicable Law or deposits to secure the performance of bids, tenders, trade contracts (other than for borrowed money), leases, government contracts, statutory obligations, surety, stay, customs and appeal bonds, performance and return of money bonds and other obligations of a like nature incurred in the ordinary course of business (other than for indebtedness or any Liens arising under ERISA).

"**Person**" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or governmental agency.

"**Product Wind-Down Event**" means Company has ceased offering or renewing/continuing policies and such termination of policies is for reasons other than a decision by Customers to not renew such policies. For the avoidance of doubt, any decision of Company to terminate or not renew the policies of individual policyholders for reasons specific to those policyholders shall not constitute a Product Wind-Down Event.

"**Product Wind-Down Event Makewhole Amount**" means, following the occurrence of a Product Wind-Down Event, for each Open Reference Cohort with at least one (1) Customer subject to a Product Wind-Down Event, as of any date of calculation, the product of (i) the Outstanding Investor Share as of such date for such Open Reference Cohort and (ii) the Wind-Down Event Percentage for such Open Reference Cohort.

"**Program Document**" means this Agreement and any other agreement or instrument executed and/or delivered in connection herewith.

"**Reference Cohort**" has the meaning set forth in the Specified Commercial Terms.

"**Reference Income**" has the meaning set forth in the Specified Commercial Terms.

"**Responsible Officer**" of any Person means the chief executive officer, the president, any executive vice president, any senior vice president, any vice president, chief operating officer or any financial officer of such Person and any other individual or similar official thereof responsible for the administration of the obligations of such Person in respect of this Agreement, and, as to any document delivered on the Effective Date, shall include any secretary or assistant secretary or any other individual or similar official thereof with substantially equivalent responsibilities. Any document delivered hereunder that is signed by a Responsible Officer of Company shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of Company and such Responsible Officer shall be conclusively presumed to have acted on behalf of Company.

"**Growth Excess Spend**" has the meaning set forth in Section 2.1(d)(i).

"**Growth Period**" has the meaning set forth in the Specified Commercial Terms (each commencing on the first day of the relevant month and ending on the last day of such month).

"**Growth Spend**" has the meaning set forth in the Specified Commercial Terms.

"**Growth Underspend**" has the meaning set forth in Section 2.1(d)(ii).

"**Sale of Company**" means any of the following: (a) any liquidation or winding up of Company, (b) a merger, consolidation or transfer of equity securities (pursuant to a single transaction or series of related transactions) of Company, with or to any independent third party, which, in any case, results in the equity holders of Company immediately prior to such transaction possessing less than a majority of the beneficial voting power or ownership interests of Company's or any successor entity's issued and outstanding equity securities immediately after such transaction or series of such transactions; or (c) a sale, lease or exclusive license, in a single transaction or series of related transactions, to an independent third party of all or substantially all

of Company's assets; **provided, that**, the introduction of one (1) or more holding companies above Company shall not constitute a Sale of Company hereunder.

"**Sanction**" or "**Sanctions**" means individually and collectively, respectively, economic or financial sanctions, sectoral sanctions, secondary sanctions, or trade embargoes or restrictive measures and anti-terrorism Laws, including but not limited to those imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC, or the U.S. Department of State, the U.S. Department of Commerce, the U.S. Department of the Treasury, or through any existing or future Executive Order, (b) the United Nations Security Council, (c) the European Union or any Member State of the European Union, (d) the United Kingdom or (e) any other Governmental Authority with jurisdiction over Company, except to the extent inconsistent with U.S. law.

"**Sanctioned Country**" means a country or territory that is the target of comprehensive Sanctions (which comprise, as of the date of this Agreement, Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the so-called Donetsk People's Republic of Ukraine and the so-called Luhansk People's Republic regions of Ukraine).

"**Sanctioned Entity**" means any Person that is the target of any Sanctions, including without limitation, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State or the U.S. Department of Commerce, the United Nations Security Council, the European Union, any Member State of the European Union or the United Kingdom; (b) any Person organized under the laws of a Sanctioned Country or ordinarily resident in a Sanctioned Country; (c) the government of a Sanctioned Country or the Government of Venezuela; or (d) any Person 50% or more owned, individually or in the aggregate, directly or indirectly, or controlled by any Person or Persons identified in (a) – (c) or acting for or on behalf of such Person or Persons.

"**Specified Commercial Terms**" means the commercial terms contained in Schedule A appended hereto.

"**Spend Reconciliation**" has the meaning set forth in Section 2.1(d).

"**Subsidiary**": of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one (1) or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of Company.

"**Termination Date**" means the later of (x) the date that is thirty (30) days following the date on which the Outstanding Investor Share for each Reference Cohort is equal to zero ($0.00) and (y) the end of the Availability Period.

"**Wind-Down Event Percentage**" means, for any Open Reference Cohort and as of any date of calculation, the quotient of (i) the Reference Income attributable to such Open Reference

Cohort over the prior three (3) full Growth Periods that have occurred immediately prior to the date of calculation, which Reference Income is associated with Customers within such Open Reference Cohort who were subsequently subject to a Product Wind-Down Event, over (ii) the total Reference Income attributable to such Open Reference Cohort over the prior three (3) full Growth Periods that have occurred immediately prior to the date of calculation.

1.2 **General Interpretive Provisions**. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including the Program Documents and any organization document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, modified, extended, restated, replaced or supplemented from time to time (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Program Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "hereto," "herein," "hereof" and "hereunder," and words of similar import when used in any Program Document, shall be construed to refer to such Program Document in its entirety and not to any particular provision thereof, (iv) all references in a Program Document to Articles, Sections, Preliminary Statements, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Preliminary Statements, Exhibits and Schedules to, the Program Document in which such references appear, (v) any reference to any Law shall include all statutory and regulatory rules, regulations, orders and provisions consolidating, amending, replacing or interpreting such Law and any reference to any Law or regulation shall, unless otherwise specified, refer to such Law or regulation as amended, modified, extended, restated, replaced or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including Cash, securities, accounts and contract rights.

1.3 **Accounting Terms**. All accounting terms not specifically defined herein shall be construed in accordance with GAAP and all calculations made hereunder shall be made in accordance with GAAP as in effect from time to time. When used herein, the terms "financial statements" shall include the notes and schedules thereto.

1.4 **Times of Day**. Unless otherwise specified, all references herein to times of day shall be references to New York time (daylight or standard, as applicable).

1.5 **Business Days**. In the event that any amount or other item is due on a day that is not a Business Day, that amount or other item shall be deemed to be due on the immediately preceding Business Day.

2. **Investment**.

2.1 **Investments**.

(a) **Investment Request**. Commencing on the Effective Date and ending upon the expiration of the Availability Period, Company may from time to time make an offer for Investors to invest in a Reference Cohort for the subsequent Growth Period by delivering to Arranger a request substantially in the form of Exhibit A attached hereto (each, an "**Investment Request**").

(b) **Obligation of Arranger to Facilitate Advances**. Subject to Company meeting each of the conditions outlined in the Specified Commercial Terms contained in Section 2.1 of Schedule A attached hereto, during the Commitment Period, Arranger shall accept an offer for investment in a Reference Cohort set forth in an Investment Request by execution thereof and delivery of the related countersigned Investment Request to Company within five (5) Business Days of its receipt thereof. Upon any such acceptance of an Investment Request by Arranger, subject to the satisfaction (or waiver, at Arranger's sole discretion) of the conditions precedent set forth in Section 3.2 hereof, on the related Investment Funding Date, Arranger shall facilitate the funding by one (1) or more Investors of the related Investment Amount to Company by wire transfer to the account designated by Company within five (5) Business Days of the date of acceptance and shall thereafter be entitled to payment from Company of an amount up to the Investor Cap Amount with respect to the Invested Receivables. Except for the indemnification obligations of Company under Section 7, and Company's other express payment obligations hereunder, each investment in the Invested Receivables shall entitle the related Investors solely to the investment return, if any, until the date that the Outstanding Investor Share attributable to the Reference Cohort corresponding to such investment is equal to $0.00. Subject to Section 2.1(d), the Investment Amount for each Growth Period shall be adjusted to account for any Growth Excess Spend or Growth Underspend, as applicable. Any such adjustment or any additional adjustment required to account for any applicable Spend Reconciliation shall be evidenced by a Funding Adjustment. Notwithstanding the foregoing, any failure by Arranger to facilitate a Funding Adjustment for any Growth Excess Spend, Growth Underspend or other applicable Spend Reconciliation shall not constitute a waiver of amounts due to related Investors of Reference Income. Notwithstanding anything herein to the contrary, Arranger shall be required to accept no more than one (1) Investment Request per Growth Period. As of the Effective Date, Arranger expects that the Investors for future Investment Requests will be as set forth on Schedule D; provided, that the actual Investors for an Investment Amount will in all cases be as reflected on the executed Investment Request delivered by Arranger in connection therewith. Arranger also may deliver an updated Schedule D at any time to reflect changes in expectations regarding the Investors that will fund future Investment Amounts.

(c) **Sharing of Reference Income**. Upon funding an Investment Amount during any Growth Period, the related Investors will be entitled to, and Company hereby agrees to remit to Arranger, on behalf of such Investors, in accordance with the terms hereof, the applicable Investor Sharing Percentage of all Reference Income from the Reference Cohort associated with such Growth Period until such Investors have received Reference Income from such Reference Cohort equal to the Investor Cap Amount. For any given Growth Period, Arranger may reduce the Investment Request amount by the portion of the Reference Income owed to

Investors from the prior Growth Period or Company may remit only the portion of the Reference Income owed to Investors in excess of the Investment Request for the following Growth Period, as applicable.

(d) **Reconciliation of Growth Spend**. Company shall use commercially reasonable best efforts to fully utilize the Expected Growth Spend for each Growth Period, **provided that**, for any Growth Period, if the Actual Growth Spend is greater than [***]% of *or* less than [***]% of the Expected Growth Spend indicated on Schedule B (as amended from time to time), the Company shall notify the Arranger as soon as reasonably practicable after obtaining actual knowledge thereof. Following the end of each Growth Period for which Investors funded an Investment Amount, Company shall promptly (and, in any event, no later than the first Disbursement Date for the Reference Cohort associated with such Growth Period) notify Arranger in writing of the Actual Growth Spend for such Growth Period and any deviation from the Expected Growth Spend for such period and any updates to be made with respect to the applicable Investment Request (each, a "**Spend Reconciliation**").

(i) In the event that the Actual Growth Spend for any Growth Period for which Investors advanced a Periodic Funding Amount exceeds the Expected Growth Spend for such period (a "**Growth Excess Spend**"), Arranger may elect, in its sole discretion, to either (1) increase the Periodic Funding Amount for such period by causing Investors to advance additional amounts to Company equal to the product of: (i) the Investor Funding Percentage and (ii) the difference between the Actual Growth Spend for such period and the Expected Growth Spend for such period, or (2) reduce its Investor Funding Percentage to the product of the Investor Funding Percentage and quotient of (x) the Expected Growth Spend for such period *divided by* (y) the Actual Growth Spend for such period. For the avoidance of doubt, Arranger may elect to engage in a ratable combination of the foregoing clauses (1) and (2) as described in the applicable related Funding Adjustment.

(ii) In the event that the Actual Growth Spend for any Growth Period for which Investors advanced a Periodic Funding Amount is less than the Expected Growth Spend for such period (a "**Growth Underspend**"), such Growth Underspend will, at Arranger's discretion, (x) roll over to the next period for which no Periodic Funding Amount has yet been advanced and be netted against such period's Investment Request or (y) be refunded to the related Investors based on their respective Percentage Interests. As used herein, a Growth Underspend shall equal the product of: (i) the Investor Funding Percentage and (ii) the difference between the Actual Growth Spend for such period and the Expected Growth Spend for such period. For the avoidance of doubt, Arranger may elect to engage in a ratable combination of the foregoing clauses (1) and (2) as described in the applicable related Funding Adjustment.

2.2 **Sharing of Reference Income; Term; Termination**.

(a) **Application of Reference Income**. On each Disbursement Date during the term of this Agreement, Company shall, and hereby agrees to, remit to Arranger, on behalf of the applicable Investors, the Investor Sharing Percentage of Reference Income generated during the Growth Period corresponding to such Disbursement Date for each Reference Cohort, in each case in immediately available funds in accordance with payment instructions provided to Company by Arranger from time to time; **provided**, **that**, in no event will Company be required

to remit Reference Income to Arranger for any Reference Cohort in an aggregate amount greater than the amount necessary to reduce the Outstanding Investor Share for such Reference Cohort to $0.00.

(b) **Calculation of Reference Income**. (i) With respect to any Investment Request relating to any Reference Cohort that originated prior to July 1, 2024, no later than [***] following the end of such Growth Period, and (ii) with respect to any Investment Request relating to any Reference Cohort that originated on or after July 1, 2024, no later than [***] following the end of such Growth Period, Company will provide Arranger with a calculation of Actual Growth Spend, Reference Income and the Investor Sharing Percentage of Reference Income for each Open Reference Cohort along with such backup information reasonably requested by Arranger in connection therewith (such calculation, a "**Disbursement Date Report**"). In the event that Arranger disagrees with any information set forth in a Disbursement Date Report or the payments made under Section 2.2(a), Company agrees to make itself available to discuss the calculations and the basis for such disagreement.

(c) **Early Termination**. In the event that Arranger on behalf of the Investors elects to terminate the commitment to make further investments under this Agreement following the occurrence of a Cancellation Event, Company shall continue to remit Reference Income to Arranger, on behalf of the applicable Investors, in accordance with Section 2.2(a) above until the Outstanding Investor Share for each Reference Cohort is equal to $0.00. Upon the occurrence of an Early Termination Event, Arranger may demand payment in full of the applicable Investors' Outstanding Investor Share as of such time, and such amount shall be due, (x) with respect to an Early Termination Event falling within limb (a) of the definition thereof, within ten (10) Business Days, and (y) with respect to an Early Termination Event falling within limb (b) of the definition thereof, within twenty-five (25) Business Days of Arranger's written demand, **provided that** in the event an Early Termination Event is reasonably curable, Arranger may, in its sole discretion, reverse such demand.

(d) **Term; Termination**. This Agreement shall become effective on the Effective Date and shall continue in full force and effect until the Termination Date.

(e) **Product Wind-Down Event**. In the event a Cohort Threshold Breach occurs which the Arranger concludes in its reasonable judgement is attributable to a Product Wind-Down Event, the Arranger may demand the Product Wind-Down Event Makewhole Amount, and such amounts shall be due within ten (10) Business Days of Arranger's written demand.

3. **Conditions of Advances**.

3.1 **Conditions to the Effectiveness of Agreement**. The effectiveness of this Agreement is subject to the receipt by Arranger, on behalf of the Investors, on or prior to the Effective Date of the following documents (a) through (d), each in form and substance satisfactory to Arranger on behalf of the Investors:

(a) an executed copy of this Agreement signed by all parties hereto;

(b) a good standing certificate for Company from the Secretary of State (or similar official) of the state of Company's organization;

(c) a certificate of Responsible Officer certifying the names and true signatures of the incumbent officers authorized on behalf of Company to execute and deliver this Agreement and any other documents to be executed or delivered by it hereunder, together with its organizational documents and board resolutions, evidencing corporate action necessary for Company to execute, deliver and perform its obligations under this Agreement; and

(d) all documents and other evidence that Arranger requires for its know-your-customer and other compliance checks on Company.

3.2 **Conditions to Each Investment**. Arranger's obligation to cause the advance the Periodic Funding Amount to Company on any Investment Funding Date is subject to the satisfaction or waiver by Arranger of the following conditions:

(a) The conditions set forth in Schedule A hereto shall have been satisfied;

(b) solely in the case of the first Investment Funding Date, receipt by Arranger, on behalf of the Investors of an opinion of counsel to Company with respect to corporate matters of Company reasonably acceptable to Arranger;

(c) there exists no event which has or is reasonably likely to result in a Material Adverse Change;

(d) Arranger shall have received (i) an Investment Request with respect to such Periodic Funding Amount satisfying the requirements set forth in Section 2.1(a) and (ii) if applicable, an amended copy of Schedule B hereto;

(e) Arranger shall have received, in form and substance satisfactory to Arranger, any additional documents and other evidence that Arranger requires for its know-your-customer and other compliance checks on Company;

(f) as of the related Investment Request Date:

(i) the representations and warranties of Company contained in this Agreement shall be true and correct in all material respects;

(ii) Company shall be in compliance with each term, covenant and other provision of this Agreement applicable to it in all material respects;

(iii) no Cancellation Event shall have occurred and be continuing;

(iv) Arranger continues to have a favorable assessment of the continued viability of Company as a going concern, as of the Investment Funding Date;

(v) to the best of Company's knowledge, the Expected Growth Spend for such Growth Period and all prior Growth Periods is accurate, or if not, a Funding Adjustment has been submitted for all relevant Growth Periods for which an adjustment is required;

(vi) Company shall have demonstrated to Arranger that all Funding Threshold Tests have been satisfied;

(vii) Arranger, on behalf of the applicable Investors, shall have received all payments then due that Company are obligated to pay to Arranger under this Agreement as of the applicable Investment Funding Date; and

(viii) upon satisfaction of the conditions in this Section 3.2 with respect to a Periodic Funding Amount, Arranger shall execute the Investment Request, which Investment Request shall supplement Schedule C by identifying the Investors and their respective Percentage Interests.

4. **Representations and Warranties of Company**.

Company represents and warrants as follows:

4.1 **Existence; Good Standing**. Company is a duly formed corporation, validly existing and in good standing under the laws of its state of formation and is duly qualified to do business, and is in good standing, in every jurisdiction where the nature of its business requires it to be so qualified. Company is not subject to any Insolvency Proceeding.

4.2 **No Conflict, etc**. The execution, delivery and performance by Company of this Agreement and each other document to be delivered by Company hereunder, (i) are within Company's corporate or other organizational powers, (ii) have been duly authorized by all necessary corporate or other organizational action, and (iii) do not contravene (A) Company's organizational documents, (B) any contractual restriction binding on or affecting Company or its property, or (C) any order, writ, judgment, award, injunction or decree binding on or affecting Company or its property. This Agreement has been duly executed and delivered by Company. No competing notice of assignment or payment instruction or other notice inconsistent with the transactions contemplated in this Agreement is in effect with respect to any Invested Receivable.

4.3 **Authorizations; Filings**. No authorization, approval, permit, license or other action by, and no notice to or filing with, any governmental entity is required for the due execution, delivery and performance by Company of this Agreement or any other Program Document.

4.4 **Enforceability**. This Agreement constitutes the legal, valid and binding obligation of Company, enforceable against Company, in accordance with its terms, except as limited by bankruptcy, insolvency, moratorium, fraudulent conveyance or other Laws relating to the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforcement is sought at equity or Law).

4.5 **Sale of Company**. There is no executed agreement for a Sale of Company about which Arranger has not been notified.

4.6 **Litigation Matters**. There is no pending (or, to its knowledge, threatened in writing) action, proceeding, investigation or injunction, writ or restraining order affecting Company or any of its Affiliates before any court, governmental entity or arbitrator which could reasonably be expected to materially adversely affect the value of Invested Receivables, and Company is not currently the subject of, and has no present intention of taking any action to commence, an Insolvency Proceeding.

4.7 **Taxes; Liens Against Company**. Company has (i) timely filed all tax federal and material state and local returns required to be filed by it and (ii) paid, or caused to be paid, all taxes, assessments and other governmental charges, if any, other than taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP, except to the extent that any such non-filing or non-payment could not reasonably be expected to adversely affect the value of Invested Receivables.

4.8 **Compliance With Laws**. Company has complied with the Laws applicable to it in all material respects. Neither Company nor, to its knowledge, any director, officer, member, manager or other controlling person thereof has engaged in any fraud, embezzlement, malfeasance, gross mismanagement or misappropriation of funds, willful misconduct or any similar activities, and no allegations of any of the foregoing or charges in respect of the foregoing have been made, brought against or threatened in writing against Company or, to its knowledge, any director, officer, member, manager or other controlling person thereof.

4.9 **Review**. Company has discussed and reviewed this Agreement with its representative accountants, independent auditors and counsel to the extent Company deemed reasonably necessary.

4.10 **Investment Company Act**. Company is not required to register as an "investment company" as defined in the Investment Company Act.

4.11 **No Brokers or Finders**. Company has not incurred or become liable for any broker's commission or finder's fee relating to the transactions contemplated by this Agreement.

4.12 **Company Provided Data**. The information delivered by Company to Arranger in respect of Reference Cohorts, historical performance and other relevant areas as determined by Arranger in its sole and reasonable discretion is, to the knowledge of Company, true and correct and does not omit to state a fact necessary in order to make the information contained therein not misleading.

4.13 **Invested Receivables**. Company is the legal owner of each Invested Receivable free and clear of any Lien, subject to Permitted Liens. Company has not authorized the filing of and is not aware of any financing statements filed against Company that include a description of collateral covering such Invested Receivable other than any financing statement that has been terminated or amended to reflect the release of any security interest in such Invested Receivable except for in connection with Permitted Liens.

4.14 **Anti-Corruption Laws & Sanctions**. Company has implemented and maintains in effect policies and procedures reasonably designed to ensure compliance by it and its directors, officers, employees and agents, when acting at the direction of or for the benefit of Company, with Anti-Corruption Laws and applicable Sanctions. Company and, to the knowledge of Company, its respective officers, employees and directors are in compliance with Anti-Corruption Laws and applicable Sanctions. Neither Company nor any of its subsidiaries has taken, paid, offered, promised, or authorized the payment of money or anything of value, directly or indirectly, to any Government Official for the purpose of: (a) influencing any act or decision of such person in their official capacity; (b) inducing such person to act (including through action or omission) in violation of the lawful duty of such person; (c) securing any improper advantage; or (d) inducing such person to use their influence to affect or influence any act or decision of a Government Entity, in order to assist Company, any of its subsidiaries, or any other Person in obtaining or retaining business for or with, or directing business to, any Person. Neither Company, any of its subsidiaries nor, to the knowledge of Company, any Affiliate of any of the foregoing, (a) is a Sanctioned Entity; (b) to its knowledge is under investigation for an alleged breach of Sanction(s) by any Governmental Authority that enforces Sanctions; (c) has not, within the last five (5) years, engaged in a transaction or dealing, directly or indirectly, with or involving a Sanctioned Country or Sanctioned Entity that violated applicable Sanctions; or (d) will fund any payment in connection with the Invested Receivables with proceeds derived from any transaction that would be prohibited by applicable Sanctions or would otherwise cause any Investor or Arranger to be in breach of any applicable Sanctions. The transactions contemplated by this Agreement will not violate Anti-Corruption Laws, Anti-Money Laundering Laws, or applicable Sanctions.

4.15 **Insurance Policy**. Company shall maintain or cause to be maintained, with insurance companies that Company believes (in good faith judgment of the management of Company) are financially sound and reputable insurers at the time the relevant coverage is placed or renewed, insurance coverage with respect to liabilities, losses or damage in respect of the assets, properties and businesses of Company and its subsidiaries as may customarily be carried or maintained under similar circumstances by Persons of established reputation engaged in similar businesses, in each case in such amounts (giving effect to self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for such Persons.

5. **Covenants of Company**.

From the Effective Date until the Termination Date, Company shall do all of the following:

5.1 **Notice of Disputes, Breaches**. Together with all information delivered pursuant to Section 5.9 below, Company will provide written notice to Arranger (i) of the occurrence of any dispute with a Customer who is a member of any Reference Cohort related to any Invested Receivable where the amount at risk exceeds the lesser of (x) [***]% of the Periodic Funding Amount for the applicable Open Reference Cohort or (y) [***] in respect of any Invested Receivable, (ii) of the occurrence of any material breach by a Reference Cohort that may reasonably give rise to Customer failing to pay an amount due in excess of lesser of (x) [***]% of the Periodic Funding Amount for the applicable Open Reference Cohort or (y) [***] under any Invested Receivable, (iii) any Insolvency Proceeding with respect to any Reference Cohort for any

Invested Receivable in excess of [***], or (iv) it becoming illegal or highly impracticable for a Reference Cohort to pay all or any part of the amount due in respect of the Invested Receivable.

5.2 **Invested Receivables**. Company, at its expense, shall timely and fully perform all terms, covenants and other provisions required to be performed by it under each agreement with its Reference Cohorts and for the enforcement of the related obligations thereunder and shall promptly notify Arranger of any material breaches of any agreement with a Reference Cohort by Company.

5.3 **Existence**. Company shall (i) comply in all material respects with all applicable laws, rules, regulations and orders and (ii) preserve and maintain its organizational existence, rights, franchises, required qualifications, and privileges, except in the case of (i) or (ii), as could not reasonably be expected to result in a Material Adverse Change. Other than for a corporate reorganization or other valid corporate reason, Company shall keep its state of organization as in effect on the date of this Agreement and principal place of business and chief executive office and the office where it keeps its records concerning the Invested Receivables at the address set forth in Section 12 hereof or, in each case, upon ten (10) Business Days' prior written notice to Arranger, at any other locations in jurisdictions where all actions reasonably necessary to protect and maintain Arranger's, on behalf of the applicable Investors, interest in the Invested Receivables have been taken and completed.

5.4 **Books and Records**. Company shall maintain accurate books and accounts with respect to the Invested Receivables. Company shall maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing the Invested Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for collecting the Invested Receivables (including, without limitation, records adequate to permit the daily identification of the Invested Receivables and all collections of and adjustments to the existing Invested Receivables).

5.5 **Ongoing Data Access**. Company shall grant Arranger continuous access to its internal systems that provide all underlying detailed data for Customers, Reference Cohorts, Reference Income, calculation of Cohort Threshold Tests, Actual Growth Spend and all other related information reasonably needed by Arranger, on behalf of the applicable Investors. Company shall not make any personal information, as defined by any Data Protection Law applicable to Company or the information, accessible to Arranger in breach of applicable Data Protection Laws. Company shall notify Arranger within five (5) business days after discovery of any such personal information made accessible to Arranger in Company's systems in breach of applicable Data Protection Laws.

5.6 **Sales and Liens; Indebtedness**.

(a) Company shall not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Lien, encumbrance or security interest upon or with respect to, any Invested Receivable, except for Permitted Liens. Other than this Agreement, Company will not accept any investment in the Invested Receivables that entitles the applicable

investor to receive a return directly or indirectly based on the collections of the Invested Receivables.

(b) Company shall not create, incur, assume, suffer to exist or otherwise become liable for any Indebtedness unless subject to an intercreditor or subordination agreement in form and substance reasonably satisfactory to and approved in writing by Arranger.

5.7 **Extension or Amendment of Invested Receivables**. Company shall not materially extend the payment terms under any Invested Receivable, materially amend any Invested Receivable or otherwise waive or permit or agree to any material deviation from the terms or conditions of any Invested Receivable in excess of the lesser of (x) [***]% of the Periodic Funding Amount for the applicable Open Reference Cohort or (y) [***] unless, in each case (i) Arranger, on behalf of the applicable Investors, shall have provided its prior written consent thereto, (ii) such alteration, amendment, deviation or waiver does not result in a change to the investment return or (iii) Company shall have offered Arranger, on behalf of the applicable Investors, such other financial accommodation that is acceptable to Arranger in its sole discretion.

5.8 **[Reserved]**.

5.9 **Reporting and Notice Requirements**.

(a) On or before the 15th day following the end of each calendar month, for the reporting period ending on the last day of such month, Company shall provide Arranger with its unaudited income statement.

(b) No more than thirty (30) days after completion and signing of the applicable audit, Company shall provide Arranger with its annual audited financial statements; **provided that**, if Company's annual audited financial statements are not available within one hundred twenty (120) days after the end of Company's fiscal year, (i) Company shall provide Arranger with a written explanation regarding such unavailability and Company's annual unaudited financial statements and (ii) Company shall provide Arranger with annual audited financial statements promptly upon such statements becoming available.

(c) On or before the 30th day following the end of each calendar month, Company shall provide Arranger with a calculation of the Cohort Threshold Test for each Tested Cohort.

(d) Company represents and warrants that it will take reasonable measures to ensure that no information is revealed, transmitted, or made available to Arranger that is deemed "personal information" (or equivalent) in breach of any Data Protection Law applicable to Company, or the information in question. Insofar as Company reveals, transmits, or makes available to Arranger any personal information, Company agrees to indemnify Arranger (together with its affiliates, officers, directors, agents, representatives, shareholders, counsel and employees) from and against any and all claims, losses and liabilities (including, without limitation, reasonable and documented attorneys' fees) resulting from breach of data protection and data security laws or regulations with respect to that personal information, other than for breaches resulting from Arranger's actions or omissions.

(e) As soon as reasonably practicable following Arranger's written request (and in no event later than thirty (30) days thereafter), Company will provide to Arranger such other information regarding its business, financial condition, operations and such other matters as Arranger, on behalf of the Investors, may reasonably request.

(f) Substantially concurrently with the distribution thereof, Company will provide to Arranger copies of all materials, meeting invitations, business information, corporate presentations and 'decks', financial reports and other documents and information which Company provides to any of its equity holders or financing providers; **provided that** if Company is restricted by applicable Law or existing contractual obligations from providing any such information, Company shall provide notice and explanation of why the same were not provided, together with a reasonably detailed summary of such omitted information (to the extent practicable and permitted by such applicable Laws or contractual restrictions).

(g) On or before the date that is two (2) Business Days prior to any Disbursement Date, Company shall complete and deliver to Arranger a Growth Period Funds Flow ("**Growth Period Funds Flow**") substantially in the form of Exhibit C hereof.

(h) If applicable, on the Effective Date and thereafter, within fourteen (14) days upon the incurrence thereof (and in no event later than the date of the Disbursement Date Report following the incurrence thereof), Company shall disclose to Arranger (in writing in reasonable detail) any financing arrangements and other indebtedness (including without limitation letters of credit, interest rate and currency hedging, swap and cap agreements, capital lease obligations, deferred purchase price obligations, guarantees and other contingent obligations, and other indebtedness), whether or not relating to Invested Receivables, which (i) is in an aggregate amount in excess of $25,000,000, (ii) contains any financial covenants or limitations on Liens or indebtedness of Company and/or (iii) contains any 'most favored nation', cross-default or cross-acceleration provisions in respect of this Agreement or any other indebtedness of Company.

(i) On or before the date that is fourteen (14) days prior to the start of any calendar quarter, Company shall provide to Arranger in writing its final projections for its Expected Growth Spend for each Growth Period in the upcoming calendar quarter.

(j) Company will promptly provide Investors with copies of any correspondence between Company and/or its Affiliates and any reinsurers, regulators or any other Person discussing circumstances involving the Company's capital position and/or the termination/renewal of any contracts which circumstances could reasonably be expected to lead to a Material Adverse Change.

(k) On or before the 20th day following the end of each calendar month, for the reporting period ending on the last day of such month, Company shall provide Arranger with a monthly reporting packet including key financial/operational information (abbreviated income statement and balance sheet) immediately available to Company, the preparation of which does not incur unreasonable burden on Company.

5.10 **Taxes**. Company will pay any and all (i) taxes relating to, or arising out of the investment in the performance of the Invested Receivables (including applicable gross-up for

any withholding taxes) and (ii) any taxes in the nature of net income or franchise taxes payable in connection with the Invested Receivables.

5.11 **Not Adversely Affect Investors' Rights**. Company shall refrain from any act or omission that, in its reasonable judgment, is likely to prejudice or limit in any material respect any Investor's ability to receive its share of any Reference Income.

5.12 **Compliance with Laws**. Company shall comply with all Laws applicable to it in all material respects.

5.13 **Further Assurances**. Company shall, at its expense, promptly execute and deliver all further instruments and documents, and take all further action that Arranger may reasonably request, from time to time, and to the extent not inconsistent with the terms hereof, in order to protect or more fully evidence any investment in the Invested Receivables, or to enable Arranger to exercise or enforce its rights on behalf of the Investors to receive the investment return in respect of the Invested Receivables.

5.14 **Sanctions**. Neither Company, nor any Person directly or indirectly Controlling Company, and no Person directly or indirectly Controlled by Company, and no other Affiliate of any of the foregoing, in each case directly or indirectly, shall use any portion of any Investment Amount paid hereunder, or lend, contribute, or otherwise make available any portion of any Investment Amount paid hereunder to any subsidiary, joint venture partner, or other Person (i) to fund any activities or business of or with a Sanctioned Entity (with respect to sectoral sanctions, to the extent prohibited by applicable Sanctions), or (ii) in any manner that would be prohibited by applicable Sanctions or would otherwise cause Arranger or any Investor to be in breach of any applicable Sanctions. Company shall comply with all applicable Anti-Corruption Laws and Sanctions in all material respects, and shall maintain policies and procedures reasonably designed to ensure compliance with Sanctions. Company will not, and will not permit any Person directly or indirectly Controlled by Company to (i) become a Sanctioned Entity (including by virtue of being owned or controlled by a Sanctioned Entity) or own or control a Sanctioned Entity, or (ii) engage in any dealing or transaction with any Person if such dealing or transaction would be in breach of Sanctions or would cause Company any Person Controlled by Company, Arranger or any Investor to be in breach of Sanctions or (b) could expose any of the foregoing to a risk of designation under any Sanctions.

5.15 **Anti-Corruption Laws and Anti-Money Laundering Laws**. Company, each Person directly or indirectly Controlling Company, and each Person directly or indirectly Controlled by Company shall, (i) comply with all applicable Anti-Money Laundering Laws and Anti-Corruption Laws; (ii) maintain policies and procedures reasonably designed to ensure compliance with all applicable Anti-Money Laundering Laws and Anti-Corruption Laws; (iii) not use any portion of any Investment Amount paid hereunder in violation of any Anti-Corruption Laws or Anti-Money Laundering Laws; and (iv) not take, pay, offer, promise, or authorize the payment of money or anything of value, directly or indirectly, to any Government Official for the purpose of: (a) influencing any act or decision of such person in their official capacity; (b) inducing such person to act (including through action or omission) in violation of the lawful duty of such person; (c) securing any improper advantage; or (d) inducing such person to use their influence to affect or influence any act or decision of a Government Entity, in order to assist Company, any of

its subsidiaries, or any other Person in obtaining or retaining business for or with, or directing business to, any Person.

5.16 **Examination and Visits**. Company shall, upon Arranger's reasonable request, at Arranger's reasonable expense, during regular business hours, permit Arranger, or its agents or representatives, upon reasonable prior notice, (i) on a confidential basis, to examine all books, records and documents (including, without limitation, computer tapes and disks) in its possession or under its control relating to each Invested Receivable including and (ii) to visit its offices and properties for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to each Invested Receivable or Company's performance hereunder with any of its officers or employees having knowledge of such matters.

5.17 **Accuracy of Information**. All information furnished by Company to Arranger hereunder will be a true, correct and accurate in all material respects to the knowledge of Company, on the date such information is provided, stated or certified and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

5.18 **Anti-Cash Hoarding**. To the extent any Subsidiary of Company receives (or is entitled to receive) any Reference Income which constitutes the Investor Sharing Percentage or any other amounts payable to Investor hereunder, Company shall cause such Subsidiary to distribute such amounts to Company when payment is due pursuant to this Agreement and the applicable Investment Request prior to any payments being made pursuant to this Agreement and the applicable Investment Request, such amount to be added to the Growth Period Funds Flow for such Growth Period and further paid over to the Investor as and when such amounts are required to be paid to Investor under this Agreement.

6. **Administration of Invested Receivables**.

6.1 **Invested Receivables**. Company shall administer and service the Invested Receivables and perform all obligations as servicer and all commercially reasonable, customary and appropriate commercial collection activities in arranging the timely payment of amounts due and owing by any Customer all in accordance with applicable Laws, with commercially reasonable care and diligence, including, without limitation, diligently and faithfully performing all servicing and collection actions. In connection with its servicing obligations, Company will perform its obligations and exercise its rights under each Invested Receivable with the same care and applying the same policies as it applies to receivables similar to the Invested Receivables generally as if Investors had not invested in such Invested Receivables and shall act in a commercially reasonable manner to maximize collections on the Invested Receivables. Company may perform any and all of its duties and exercise its rights and powers as servicer by or through any one (1) or more agents appointed by it, **provided that**, notwithstanding the appointment of any such agents, Company shall remain liable for the performance of the obligations in this Section 6.

6.2 **Terms of Service**. Company shall engage in commercially reasonable customer service, promotional and marketing activities with respect to Customers constituting part of any Reference Cohort under all existing and future receivables, which customer service, promotional and marketing activities are, to the extent applicable, consistent with those customer

service, promotional and marketing activities engaged in by Company with Customers under similar receivables and future receivables of Company for which the Investors have not invested in the performance thereof.

7. **Indemnities and Set-Off**.

7.1 **General Indemnification**. Company agrees to indemnify Arranger and Investors (together with their respective Affiliates, officers, directors, agents, representatives, shareholders, counsel and employees, each, an "**Indemnified Party**") from and against any and all claims, losses and liabilities (including, without limitation, reasonable and documented attorneys' fees of one (1) counsel) arising out of or resulting from any Cancellation Event. The foregoing indemnification shall not apply in the case of any claims, losses or liabilities to the extent resulting solely from the gross negligence, bad faith, fraud or willful misconduct of an Indemnified Party. Company will have the right at any time to conduct and control the defense of, negotiate, settle or otherwise control any claims pursuant to this Section 7.1 and to select counsel of reasonable experience and expertise in the relevant area(s) of law implicated by such claims; **provided**, **however**, **that** if the defendants in any such action include Company and Arranger and the Indemnified Parties shall have reasonably concluded that there may be legal defenses available to it or them and/or other Indemnified Parties that are different from or additional to those available to Company or that such that joint representation of the parties would create an ethical conflict of interest for counsel, the Indemnified Party or parties shall have the right to elect for the Indemnified Parties to be represented by one (1) separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such Indemnified Party or parties. Company agrees that it shall not, without the consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could reasonably have been a party and indemnity could reasonably have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such proceeding and does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of such Indemnified Party.

7.2 **Tax Indemnification**. Company will indemnify Arranger and Investors for (i) any taxes withheld or deducted (from payments on an Invested Receivable whether by the related Customer or by the Company) (ii) any taxes payable by Company pursuant to Section 10 of this Agreement and (iii) costs, expenses and reasonable and documented fees of counsel selected by Arranger in defending against the same, whether arising by reason of the acts to be performed by Company hereunder or otherwise, in each case, other than Excluded Taxes. For purposes of this Section 7.2, the term "Tax" or "Taxes" shall include any interest, additions to tax or penalties applicable thereto.

8. **Retained Obligations**. Neither Arranger nor any Investor shall have any responsibility for, or have any liability with respect to, the performance of the Invested Receivables. All obligations of Company under each Invested Receivable and Customer Agreement, including all representations and warranty obligations, all servicing obligations and all maintenance obligations, shall be retained by Company (the "**Retained Obligations**"). Neither any claim that Company may have against any Reference Cohort or any other Person, nor the failure of any Reference Cohort to fulfill its obligations under the related Invested Receivable, shall affect the

obligations of Company to perform its obligations and make payments required to be made by Company hereunder, and none of such events or circumstances shall be used as a defense or as set-off, counterclaim or cross-complaint as against the performance or payment of any of Company's obligations hereunder.

9. **Costs and Expenses; Default Rate**. Any fees, expenses or other amounts payable by Company to Arranger or Investors in connection with this Agreement (other than, in each case, any legal, accounting, tax or consultant fees and/or expenses) shall bear interest each day from the date following the date due therefor, until paid in full at the Default Rate, whether before or after judgment. Fees are deemed payable on the date or dates set forth herein; expenses, indemnity, or other amounts payable by Company to Arranger or Investors are due five (5) Business Days after receipt by Company of written demand thereof. All interest amounts calculated under this Section 9 on a per annum basis shall be calculated on the basis of a year of three hundred sixty (360) days consisting of twelve (12) 30-day months.

10. **General Payments**. All amounts payable by Company to Arranger, on behalf of the applicable Investors, under this Agreement shall be paid in full, free and clear of all deductions, set-off or withholdings whatsoever except only as may be required by Law, and shall be paid on the date such amount is due to Arranger, on behalf of the applicable Investors. If any deduction or withholding is required by Law, Company shall pay to Arranger, on behalf of the applicable Investors, such additional amount as necessary to ensure that the net amount actually received by Arranger, on behalf of the applicable Investors, equals to the full amount Arranger, on behalf of the applicable Investors, should have received had no such deduction or withholding been required. All payments to be made or due hereunder shall be in United States dollars, including, but not limited to, Reference Income and Investment Amount. Any amounts that would fall due for payment on a day other than a Business Day shall be payable on the succeeding Business Day. All interest amounts calculated on a per annum basis hereunder are calculated on the basis of a year of three hundred sixty (360) days consisting of twelve (12) 30-day months.

11. **Tax and Accounting Treatment.** Each of Company and Arranger, and each applicable Investor, shall treat each Investment Amount as debt for tax and accounting purposes and shall not report on any applicable tax return or financial statement in a manner that is inconsistent with such treatment. Further this Agreement and any Investment Amount shall not be treated as creating a partnership (for tax purposes or otherwise) between any of Company and Arranger or any applicable Investor. Company shall make all disclosures required by applicable law or regulation with respect to Investors' investment in the performance of the Invested Receivables and account for such investment in accordance with GAAP.

12. **Notices**. Unless otherwise provided herein, any notice, request or other communication which Arranger or Company may be required or may desire to give to the other party under any provision of this Agreement shall be in writing and sent by e-mail, hand delivery, courier or first class mail, certified or registered and postage prepaid, and shall be deemed to have been given or made when transmitted (i) if delivered by e-mail, after receipt of an electronic receipt from the recipient's e-mail system or confirmation or acknowledgment of receipt by the recipient, (ii) if delivered by hand, after actual receipt and (iii) if delivered by courier or certified or registered mail, after receipt of a delivery confirmation, and in each case addressed to Arranger or Company as set forth below. Any party hereto may change the address to which all notices,

requests and other communications are to be sent to it by giving written notice of such address change to the other parties in conformity with this paragraph, but such change shall not be effective until notice of such change has been received by the other parties.

If to Company:

Lemonade, Inc.
attn: General Counsel
5 Crosby Street, 3rd Floor
New York, NY 10013
Email: legal@lemonade.com

If to Arranger:

GC Customer Value Arranger, LLC
20 University Rd 4th Fl.
Cambridge, MA 02138
Email: legal@generalcatalyst.com

Company agrees that Arranger may presume the authenticity, genuineness, accuracy, completeness and due execution of any email or fax communication bearing a facsimile or scanned signature resembling a signature of an authorized Person of Company, without further verification or inquiry by Arranger. Notwithstanding the foregoing, Arranger in its sole discretion may elect not to act or rely upon such a communication and shall be entitled (but not obligated) to make inquiries or require further action by Company to authenticate any such communication.

13. **Survival**. All covenants, representations and warranties made herein shall continue in full force and effect until the Termination Date; **provided that**, Company's obligations to indemnify the Indemnified Parties pursuant to Section 6 hereof shall survive until the 3rd anniversary of the Termination Date.

14. **Governing Law; Venue; Waiver of Jury Trial; etc**.

14.1 This Agreement shall be governed by the Laws of the State of New York, without giving effect to conflict of laws principles that would require the application of the Law of any other jurisdiction.

14.2 Each of the parties hereto irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any federal court of the United States, or New York state court if required by Law, sitting in the Borough of Manhattan, New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment. Each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such federal court or New York State court to the extent required by Law to be heard in such state court. A final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter

have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any federal court located in the Borough of Manhattan. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Law, the defense of inconvenient forum to the maintenance of such action or proceeding in any such court.

14.3 EACH PARTY HERETO IRREVOCABLY WAIVES ANY RIGHT THAT SUCH PERSON MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

15. **Fees and Expenses**. On the Effective Date, Company shall pay (i) all reasonable and documented out-of-pocket expenses, including but not limited to legal and accounting fees, incurred by Arranger in connection with the preparation, execution, delivery and administration of this Agreement and the Program Documents and related documentation, including in connection with any amendments, modifications or waivers of the provisions of any Program Documents (whether or not the transactions contemplated thereby shall be consummated, but only to the extent such amendments, modifications or waivers were requested by Company to be prepared); **provided that** to the extent the expenses and fees described in this clause (i) exceed $100,000, Arranger shall pay the amount of such excess and (ii) all reasonable and documented out-of-pocket expenses incurred by Arranger in connection with the enforcement, collection or protection of its rights in connection with the Program Documents, including its rights under this Section 15, or in connection with the investments made hereunder. Other than to the extent required to be paid on the Effective Date, all amounts due under this Section 15 shall be payable by Company within thirty (30) days of receipt of an invoice relating thereto, setting forth such expenses in reasonable detail and together with backup documentation supporting such reimbursement requests (or as otherwise agreed by Company).

16. **Dispute Resolution**. In Arranger's sole discretion, any controversy or claim arising out of or relating to this contract, or the breach thereof, may be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

17. **General Provisions**.

17.1 This Agreement represents the final agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements with respect to such subject matter. No provision of this Agreement may be amended or waived except by a writing (including by email) provided by the parties hereto. Notwithstanding the foregoing, the Schedule of Investments may be updated by Arranger and Company at the time of execution of each Investment Request and the signatures to each such Investment Request shall constitute written consent of each party for each such update.

17.2 This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties; **provided**, **however**, **that** Company may not assign any rights hereunder without Arranger's prior written consent, given or withheld in

Arranger's sole discretion; **provided**, **further**, **that** Arranger may assign this Agreement (i) to any of its Controlled Investment Affiliates at any time without the prior written consent of Company and (ii) to any other party with the written consent of Company (such consent not to be unreasonably withheld, conditioned or delayed). The rights and obligations of any Investor hereunder may be assigned by delivery of an amended Exhibit A to the relevant Investment Request. Following each such assignment, Arranger shall deliver an updated Schedule C; **provided that** the failure to deliver an updated Schedule C shall not affect the validity of any assignment. Each Investor shall be an intended third party beneficiary of the Agreement entitled to enforce the Agreement as though it were a party hereto.

17.3 Each provision of this Agreement shall be severable from every other provision hereof for the purpose of determining the legal enforceability of any specific provision. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one (1) and the same agreement. Each party agrees that this Agreement and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Agreement or such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

17.4 It is understood and agreed that money damages would not be a sufficient remedy for any breach or threatened breach of this Agreement by Company and that Arranger and Investors shall be entitled to seek specific performance and injunctive or other equitable relief as a remedy for any such breach or threatened breach to the extent permitted by Law. In the event that such equitable relief is granted, such remedy or remedies shall not be deemed to be the exclusive remedy or remedies for breach or threatened breach of this Agreement but shall be in addition to all other remedies available to Arranger and Investors at law or equity.

18. **Confidentiality**. Arranger agrees to maintain the confidentiality of any Confidential Information (as defined below) received from Company and shall not disclose such Confidential Information to any third party except (a) as set forth in the Agreement, (b) to any employee, contractor, officer, director or agent who has a need to know such information, (c) to any existing or potential investor in, acquiror of, or lender or other financing source to, the receiving party in connection with such investor, acquiror lender or other financing source's existing or potential investment in, acquisition of or providing financing to the receiving party, so long as such investor, acquiror, lender or other financing source is bound by a written confidentiality agreement that covers such Confidential Information or (d) to members, managers, partners, affiliates, consultants, legal, financial and other advisors, representatives, and others who, in each case, agree to be bound by at least the same confidentiality undertakings as those set forth herein with respect to such Confidential Information. "**Confidential Information**" shall mean information of a party that is clearly identified as being "Confidential Information" or which a reasonable person would understand to be confidential, proprietary and/or non-public. "Confidential Information" shall not include any information that (i) is part of the public domain without any breach of this Agreement by the receiving party; (ii) is or becomes generally known to the general public or organizations engaged in the same or similar businesses as the receiving party on a non-confidential basis, through no wrongful act of such party; (iii) is known by the receiving party prior to disclosure to it hereunder without any obligation to keep it confidential;

(iv) is disclosed to it by a third party which, to the best of the receiving party's knowledge, is not required to maintain the information as proprietary or confidential; (v) is independently developed by the receiving party without reference to Confidential Information of the other party; or (vi) is the subject of a written agreement whereby the other party consents to the disclosure of such Confidential Information on a non-confidential basis. Arranger may disclose Confidential Information, without the consent of Company, if such party becomes legally compelled (by applicable law, rule, regulation, oral questions, interrogatories, request for information or documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information **provided that** the receiving party promptly notifies the disclosing party of the demand for such a disclosure in order that the disclosing party may undertake any available means to oppose such a disclosure that are in its discretion necessary and appropriate. The obligations under this Section 18 shall terminate on the date which is seven (7) years from the date of the termination of this Agreement, except that with respect to any Confidential Information which is a trade secret, such obligations shall continue until such trade secret is no longer Confidential Information, if ever. Arranger shall require that its employees, contractors, officers, directors and agents enter into confidentiality agreements which prevent the further disclosure of the disclosing party's Confidential Information except in furtherance of the transactions contemplated hereunder.

IN WITNESS WHEREOF, each of the parties have caused this Agreement to be executed as of the date first above written.

LEMONADE, INC., as Company

By: /s/ Tim Bixby
Name: Tim Bixby
Title: CFO

GC CUSTOMER VALUE ARRANGER, LLC,
as Arranger

By: General Catalyst Group Management LLC, its Manager

By: /s/ Dan Riley
Name: Dan Riley
Title: Associate General Counsel

SCHEDULE A

SPECIFIED COMMERCIAL TERMS

1. **Defined Terms**.

1.1 **Definitions**. Capitalized terms used but not defined in this Schedule A shall have the meanings set forth in the Agreement:

"**Borderline Funding Threshold Test**" means a test which is satisfied for any Tested Cohort if each of the following, calculated as of the end of each Growth Period, is satisfied: (i) the Threshold M0 is equal to or greater than [***]%; (ii) the Threshold M6 is equal to or greater than [***]%; (iii) the Threshold M12 is equal to or greater than [***]%; (iv) the Threshold M24 is equal to or greater than [***]%; and (v) the Threshold Delta M+1 is greater than or equal to [***]%.

"**Cohort Threshold Test**" means a test which is satisfied for any Tested Cohort if each of the following, calculated as of the end of each Growth Period, is satisfied: (i) the Threshold M0 is equal to or greater than [***]%; (ii) the Threshold M6 is equal to or greater than [***]%; (iii) the Threshold M12 is equal to or greater than [***]%; (iv) the Threshold M24 is equal to or greater than [***]%; and (v) the Threshold Delta M+1 is greater than or equal to [***]%.

"**Commitment Breach**" means, with respect to any Tested Cohort, the failure to satisfy the Cohort Threshold Test on any day on or prior to the Original Commitment End Date; **provided**, **however**, that if only one (1) Tested Cohort does not satisfy the Cohort Threshold Test, then no Commitment Breach will have occurred. For the avoidance of doubt, a Commitment Breach will occur if at any time there is more than one (1) Tested Cohort which does not satisfy the Cohort Threshold Test.

"**Commitment Period**" means the period of time from the Effective Date through December 31, 2025; **provided that**, the Commitment Period may be modified upon mutual written agreement of Company and Arranger (which written agreement may be in email form); **provided further**, **that**, the Commitment Period shall end on December 31, 2024 (the "**Original Commitment End Date**") in the event a Commitment Breach has occurred at any time on or prior to the Original Commitment End Date.

"**Funding Threshold Test**" means a test which is satisfied for any Tested Cohort if each of the following, calculated as of the end of each Growth Period, is satisfied: (i) the Threshold M0 is equal to or greater than [***]%; (ii) the Threshold M6 is equal to or greater than [***]%; (iii) the Threshold M12 is equal to or greater than [***]%; (iv) the Threshold M24 is equal to or greater than [***]%; and (v) the Threshold Delta M+1 is greater than or equal to [***]%.

"**Gross Margin Percentage**" means (i) for all Reference Cohorts that originated prior to July 1, 2024, [***]%; and (ii) for all Reference Cohorts that originated on or after July 1, 2024, a percentage elected by Company, as indicated by Company on the Investment Request related to such Reference Cohort, **provided that**, such percentage shall not exceed [***]% and shall be no less than [***]%. For the avoidance of doubt, (x) the Gross Margin Percentage elected pursuant to prong (ii) above shall be fixed for the Reference Cohort for which the Investment Request is issued

until the Investor Cap Amount for such Reference Cohort is met, unless both Company and Arranger mutually agree in writing to amend such Gross Margin Percentage, and (y) if no Gross Margin Percentage is provided for a given Reference Cohort, the Gross Margin percentage shall be equal to [***]%.

"**Growth Period**" means each monthly period, commencing on July 1, 2023.

"**Growth Spend**" means the total amount (without duplication) of marketing and sales expenses that are recognized on the income statement of Company for such Growth Period (including the amortized portion of any marketing and sales expenditures capitalized in prior periods, which expenditures shall be recorded and presented to Arranger in a separate pro forma income statement which sets forth the applicable amount) that Company determines in good faith to be tied to the acquisition or retention of customers. From time to time, the Company may engage in new channel experiments (i.e., marketing channels which Company has not previously invested in prior to the Effective Date) and such new channel experiments shall be excluded from Growth Spend for purposes of this Agreement.

"**Internal Rate of Return**" means the rate of return, expressed as a percentage, obtained by running the XIRR function in Microsoft Excel, Google Sheets, or similar spreadsheet tool or computer program, with such function taking as inputs the cash disbursements/collections and associated dates of such disbursements/collections as described when such term is used in this Agreement. For the avoidance of doubt, cash disbursements from Arranger to Company shall be expressed as negative amounts and cash disbursements from Company to Arranger shall be expressed as positive amounts in the calculation of such Internal Rate of Return.

"**Invested Receivable**" means, collectively, an amount owed to Company by a Reference Cohort, payment processor or other source expected to generate Reference Income.

"**Investor Cap Amount**" means, with respect to any Reference Cohort, the lesser of (a) the greater of (i) 0 and (ii) the amount which, taking into consideration (x) all prior Reference Income and any amounts remitted to Investors pursuant to Section 2.1(d), along with the actual dates of such remittances related to the applicable Reference Cohort, and (y) all prior Investment Amounts, including any amounts remitted to Company pursuant to Section 2.1(d), and the Investment Funding Dates of such remittances, would, as of any date of calculation, lead Investors to realize an Internal Rate of Return of 16% across all such cash remittances; and (b) the product of (i) [***]% and (ii) the Periodic Funding Amount; **provided that**, on and after the date that is 10 years following the last day of the Growth Period in which such Reference Cohort was originated, the "Investor Cap Amount" with respect to such Reference Cohort shall be zero.

"**Investor Funding Percentage**" means, with respect to any Reference Cohort for a Growth Period, the quotient of (i) the applicable Periodic Funding Amount *divided by* (ii) the respective Expected Growth Spend; **provided**, **however**, **that** in the case of a Spend Reconciliation, the Investor Funding Percentage may be revised pursuant to a Funding Adjustment; **provided further, that** the Investor Funding Percentage shall not exceed the Investor Funding Percentage Cap, unless otherwise agreed to in the related Investment Request in Arranger's sole discretion.

"**Investor Funding Percentage Cap**" means [***]; **provided, however, that** the Investor Funding Percentage Cap for any Reference Cohort originated during a Growth Period occurring after the first six (6) full Growth Periods following the Effective Date have elapsed shall be [***] if, as of the applicable Investment Funding Dates each of the following is satisfied: (i) the Funding Threshold Test has been met for all Tested Cohorts at all times since the Effective Date, (ii) no Cohort Threshold Breach has occurred at any time since the Effective Date and (ii) all of the conditions in Section 3.1 and 3.2 of this Agreement have been satisfied at all times since the Effective Date.

"**Investor Sharing Percentage**" means, with respect to any Reference Cohort, a percentage equal to the Investor Funding Percentage; **provided**, **however**, **that** immediately in the event of a Cohort Threshold Breach with respect to such Reference Cohort, the Investor Sharing Percentage for such Reference Cohort shall be equal to 100%.

"**Periodic Funding Amount**" means, with respect to any Reference Cohort, the Investment Amount, subject to any adjustment pursuant to Section 2.1(d), for the Growth Period in which such Reference Cohort was originated.

"**Reference Cohort**" means, with respect to any Growth Period, the group of Customers each of which is identified as having its first nonzero transaction date in such Growth Period by reference to the "accounting_date" column in the dataset provided by Company to Arranger.

"**Reference Income**" means, with respect to any Reference Cohort, an amount equal to the product of (i) (x) for payments associated with Customers underwritten by Company, including its Affiliates, the total such gross cash payments (including premium) collected by Company and its Affiliates, and (y) for payments associated with Customers whose related insurance contracts are 'placed' by Company with a third party, the total such gross cash payments (including premium) paid by the Customer, including to the related third party as well as to Company and its Affiliates and (ii) the Gross Margin Percentage.

"**Tested Cohort**" means (i) any Open Reference Cohort and (ii) the groups of Customers that would constitute Reference Cohorts for each of the twelve (12) monthly periods that occurred immediately prior to the Effective Date, if this Agreement were in effect and such periods were Growth Periods; **provided, that** any Tested Cohort shall cease to be a Tested Cohort on and after the date on which the cumulative Reference Income associated with such Tested Cohort exceeds the Actual Growth Spend for the related Growth Period or monthly period, as applicable, during which such Tested Cohort was originated.

"**Threshold Delta M+1**" means, with respect to a Tested Cohort and any Growth Period starting with the second full Growth Period after the first date on which such Tested Cohort began to be originated, an amount (expressed as a percentage) equal to aggregate Reference Income across all associated members of such Tested Cohort for such Growth Period divided by the Actual Growth Spend for the Growth Period in which such Tested Cohort was originated.

"**Threshold M0**" means, with respect to any Tested Cohort, an amount (expressed as a percentage) equal to the aggregate Reference Income across all associated members of such Tested

Cohort during the Growth Period in which such Tested Cohort was originated divided by the Actual Growth Spend for the Growth Period in which such Tested Cohort was originated.

"**Threshold M6**" means, with respect to any Tested Cohort, an amount (expressed as a percentage) equal to the aggregate Reference Income across all associated members of such Tested Cohort during the first seven (7) full Growth Periods after the first date on which such Tested Cohort began to be originated (measured cumulatively) divided by the Actual Growth Spend for the Growth Period in which such Tested Cohort was originated.

"**Threshold M12**" means, with respect to any Tested Cohort, an amount (expressed as a percentage) equal to aggregate Reference Income across all associated members of such Tested Cohort during the first thirteen (13) full Growth Periods after the first date on which such Tested Cohort began to be originated (measured cumulatively) divided by the Actual Growth Spend for the Growth Period in which such Tested Cohort was originated.

"**Threshold M24**" means, with respect to any Tested Cohort, an amount (expressed as a percentage) equal to aggregate Reference Income across all associated members of such Tested Cohort during the first twenty-five (25) full Growth Periods after the first date on which such Tested Cohort began to be originated (measured cumulatively) divided by the Actual Growth Spend for the Growth Period in which such Tested Cohort was originated.

2. **Specified Commercial Terms**.

2.1 **Committed Facility Commercial Terms**

(a) Notwithstanding anything to the contrary herein, (i) the maximum invested amount for all Investment Requests funded by Arranger prior to the Original Commitment End Date shall not exceed $150,000,000, (ii) the maximum invested amount for all Investment Requests funded by Arranger from the Original Commitment End Date through December 31, 2025 shall not exceed $140,000,000, (iii) the Investment Amount for any given Growth Period (other than the initial Growth Period following the Effective Date) shall not exceed the product of [***]% and Investment Amount for the immediately preceding Growth Period and (iv) the Investment Amount for any Growth Period shall not exceed [***], in each case without Arranger's prior written consent.

(b) For any Growth Period during the Commitment Period, in the event that Company does not issue Investment Requests to Arranger for an aggregate Investment Amount of at least [***] of the Actual Growth Spend (such amount, the "**Minimum Investment Amount**") with respect to such Growth Period, Company shall be deemed to have received an Investment Amount equal to the Minimum Investment Amount for purposes of this Agreement.

(c) **Commitment Termination**. Arranger may immediately cancel and terminate any further commitment to honor any Investment Requests made to Arranger, on behalf of the applicable Investors, hereunder upon the occurrence of any of the following: (i) a Funding Threshold Breach by Company, (ii) a Cancellation Event, (iii) the representations and warranties of Company contained this Agreement ceasing to be true and correct, or (iv) breach by Company of any of the covenants and other undertakings set forth herein, **provided that** with respect to the foregoing clauses (iii) and (iv), to the extent such breach is (x) curable, (y) does not result in a

Material Adverse Change with respect to any Invested Receivable, and (z) has not previously occurred during the term of the Agreement, Company may provide prompt notice to Arranger of its intent to cure such breach or failure and shall cure such breach or failure within a period of twenty (20) days thereafter (and upon receipt of such notice of intent to cure, Arranger shall forbear from terminating its commitments hereunder, and may, but shall not be obligated to, honor any further Investment Requests during such cure period in its sole discretion); **provided further that**, Arranger, on behalf of the applicable Investors, and Company shall make reasonable efforts to reach an agreement to resume such commitment, and such commitment shall be resumed upon mutual election by Arranger and Company.

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10) because it is both not material and the type of information that the registrant treats as private or confidential.

PROPERTY PER RISK EXCESS OF LOSS REINSURANCE CONTRACT

issued to

LEMONADE INSURANCE COMPANY
New York, New York

and

METROMILE INSURANCE COMPANY
Wilmington, Delaware

PROPERTY PER RISK EXCESS OF LOSS REINSURANCE CONTRACT

TABLE OF CONTENTS

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PROPERTY PER RISK EXCESS OF LOSS REINSURANCE CONTRACT

(the "Contract")

issued to

LEMONADE INSURANCE COMPANY
New York, New York

and

METROMILE INSURANCE COMPANY
Wilmington, Delaware

(collectively, the "Company")

by

THE SUBSCRIBING REINSURER(S) IDENTIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT(S) ATTACHED TO AND FORMING PART OF THIS CONTRACT

(the "Reinsurer")

A. This Contract shall extend to cover all insurance companies that, subject to the non-disapproval of the Superintendent of the New York Department of Financial Services, may hereafter become affiliated with the Company to the extent and under the same conditions and limitations as would be provided by this Contract if such affiliated companies were made a party under this Contract, provided that notice be given to the Reinsurer of any such companies that may hereafter become affiliated with the Company as soon as practicable, with full particulars as to how such affiliation is likely to affect this Contract. In the event of either party maintaining that such affiliation calls for alteration in existing terms, and an agreement not being arrived at, then the business of such affiliated company is covered only for a period of forty-five days after notice by either party that they do not wish the company so affiliated to be covered.

B. Balances payable or recoverable by the Reinsurer or individually named reinsured company shall not serve to offset any balances payable or recoverable to or from any other individually named reinsured company party to this Contract. Reports and remittances made to the Reinsurer in accordance with the provisions of this Contract are to be in sufficient detail to identify both the Reinsurer's loss obligations due each individually named reinsured company and each individually named reinsured company's premium remittance under the report.

C. Any limits, retentions and premiums due hereunder may be treated as applying to each individually named reinsured company in accordance with the allocation agreement between those companies.

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Company in respect of the liability that may accrue to the Company as a result of loss or losses under all Policies in force at the inception of this Contract, or written or renewed by the Company during the term of this Contract and classified by the Company as Property business, as well as Third Party Property Damage for Renters', Condo and Co-op business, subject to the terms and conditions herein contained.

ARTICLE 2

RETENTION AND LIMIT

A. The Reinsurer shall be liable in respect of each loss, each risk, for the Ultimate Net Loss over and above an initial Ultimate Net Loss of $750,000 each loss, each risk, subject to a limit of liability to the Reinsurer of $2,250,000 each loss, each risk, and further subject to a limit of liability to the Reinsurer of $6,750,000 each Loss Occurrence.

B. Notwithstanding the above, the Reinsurer shall be subject to a limit of liability of $20,250,000 in the aggregate for all losses occurring during the term of this Contract.

ARTICLE 3

TERM

A. This Contract shall take effect at 12:01 a.m., Standard Time, July 1, 2024, and shall remain in effect until 12:01 a.m., Standard Time, July 1, 2025, applying to losses occurring during the term of this Contract. "Standard Time" shall be as defined in the Company's Policies.

B. The Reinsurer shall have no liability for losses occurring after expiration of this Contract.

C. However, at the Company's option, the Reinsurer shall remain liable hereunder in respect of Policies in force at expiration, until the earlier of the expiration or next renewal of such Policies. In such event, the Company shall pay to the Reinsurer an additional premium equal to the rate set forth in the Premium Article, multiplied by the Gross Net Earned Premium Income during the run-off period, payable within 45 days after the end of each quarter.

D. In the event this Contract expires on a run-off basis, the Reinsurer's liability hereunder shall continue if the Company is required by statute or regulation to continue coverage, until the earliest date on which the Company may cancel the Policy.

ARTICLE 4

SPECIAL TERMINATION

A. The Company may terminate a Subscribing Reinsurer's percentage share in this Contract at any time by giving written notice to the Subscribing Reinsurer in the event of any of the following circumstances:

1. The Subscribing Reinsurer ceases underwriting operations.

2. A state insurance department or other legal authority orders the Subscribing Reinsurer to cease writing business, or the Subscribing Reinsurer is placed under regulatory supervision.

3. The Subscribing Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary), or there have been instituted against it proceedings for the appointment of a receiver, liquidator, rehabilitator, conservator, trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations.

4. The Subscribing Reinsurer's policyholders' surplus (or the equivalent under the Subscribing Reinsurer's accounting system) as reported in such financial statements of the Subscribing Reinsurer as designated by the Company, has been reduced by 20% of the amount thereof at any date during the prior 12-month period (including the period prior to the inception of this Contract).

5. The Subscribing Reinsurer has merged with or has become acquired or controlled by any company, corporation, or individual(s) not controlling the Subscribing Reinsurer's operations at the inception of this Contract.

6. The Subscribing Reinsurer has retroceded its entire liability under this Contract without the Company's prior written consent, except for retrocessions to members of the Subscribing Reinsurer's holding company group.

7. The Subscribing Reinsurer has been assigned an A.M. Best's rating of less than "A-" and/or an S&P rating of less than "BBB+." However, as respects Underwriting Members of Lloyd's, London, a Lloyd's Market Rating of less than "A-" by A.M. Best and/or less than "BBB+" by S&P shall apply.

8. The Subscribing Reinsurer has transferred or delegated its claims-paying authority, as respects business subject to this Contract, to an unaffiliated entity; however, agreement by a Lloyd's syndicate to follow claim settlement procedures under the Lloyd's Claims

Scheme (Combined) shall not constitute a transfer or delegation of its claims-paying authority for purposes of this subparagraph.

9. The Subscribing Reinsurer engages in the process of Scheme of Arrangement or similar procedure related to this Contract, including but not limited to an insurance business transfer scheme pursuant to Part VII of the Financial Services and Markets Act 2000 (U.K.), as may be amended from time to time.

10. The Subscribing Reinsurer in any other way has assigned its interests or delegated its obligations under this Contract to an unaffiliated entity.

11. The Subscribing Reinsurer has failed to post or maintain required collateral to secure its obligations as required under this Contract, and has not cured such deficiency within 30 days following written notice thereof from the Company.

12. There is a severance or obstruction of free and unfettered communication and/or normal commercial and/or financial intercourse between the country in which the Company is incorporated and the country in which the Subscribing Reinsurer is incorporated or has its principal office, as a result of war, currency regulation, or any circumstance arising out of political, financial or economic emergency.

13. The Subscribing Reinsurer resides or is incorporated in countries where any regulation, whether by decree or otherwise, be enforced by the government which shall restrict or prohibit its performance of any or all of its obligations under this Contract or any contract in consideration of which this Contract has been completed.

B. Termination shall be effected on a cut-off or run-off basis at the option of the Company as outlined in the Term Article. The reinsurance premium due the Subscribing Reinsurer hereunder (including any minimum reinsurance premium) shall be prorated based on the period of the Subscribing Reinsurer's participation hereon, and the Subscribing Reinsurer shall immediately return any excess reinsurance premium received. Reinstatement premium, if any, shall be calculated based on the Subscribing Reinsurer's reinsurance premium earned during the period of the Subscribing Reinsurer's participation hereon.

C. Additionally, in the event of any of the circumstances listed in paragraph A of this Article, the Company shall have the option to commute the Subscribing Reinsurer's liability for losses on Policies covered by this Contract. In the event the Company and the Subscribing Reinsurer cannot agree on the commutation amount, they shall appoint an actuary and/or appraiser to assess such amount and shall share equally any expense of the actuary and/or appraiser. If the Company and the Subscribing Reinsurer cannot agree on an actuary and/or appraiser, the Company and the Subscribing Reinsurer each shall nominate three individuals, of whom the other shall decline two, and the final appointment shall be made by drawing lots. Payment by the Subscribing Reinsurer of the amount of liability ascertained shall constitute a complete and final release of both parties in respect of liability arising from the Subscribing Reinsurer's participation under this Contract.

D. The Company's option to require commutation under paragraph C above shall survive the termination or expiration of this Contract.

ARTICLE 5

TERRITORY

This Contract applies to losses arising out of Policies written in the United States of America, its territories and possessions, wherever occurring.

ARTICLE 6

SANCTION LIMITATION AND EXCLUSION CLAUSE

No Reinsurer shall be deemed to provide cover and no Reinsurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that Reinsurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

ARTICLE 7

EXCLUSIONS

This Contract shall not apply to and specifically excludes:

A. Losses excluded by the attached:

1. Nuclear Incident Exclusion Clause – Physical Damage – Reinsurance – U.S.A.

2. Nuclear Incident Exclusion Clause – Liability – Reinsurance – U.S.A.

3. Nuclear Energy Risks Exclusion Clause (Reinsurance) (1994) (Worldwide Excluding U.S.A. and Canada).

B. Liability of the Company arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any Insolvency Fund. "Insolvency Fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, howsoever denominated, established or governed, that provides for any assessment of or payment or assumption by the Company of part or all of any claim, debt, charge, fee, or other obligation of an insurer, or its successors or assigns, that has been declared by any competent authority to be insolvent, or that is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

C. Loss or liability excluded by the attached Pools, Associations & Syndicates Exclusion Clause.

D. Any loss resulting from an "Act of Terrorism," as defined herein, when the loss directly or indirectly involves a release of biological, chemical, radiological or nuclear materials.

E. Any loss or damage which is occasioned by war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but not excluding loss or damage which would be covered under a standard Policy form containing a standard war exclusion clause.

F. Financial Guarantee and Insolvency.

G. All treaty reinsurance assumed by the Company.

H. Loss resulting from pollution, to the extent excluded under the Company's Policy involved in the loss.

I. The perils of flood and earthquake when written on a stand-alone basis.

J. Loss or liability in any way or to any extent arising out of the actual, alleged or threatened presence of fungi, including, but not limited to, mold, mildew, mycotoxins, microbial volatile organic compounds or other "microbial contamination." This includes:

1. Any supervision, instruction, recommendations, warnings or advice given or which should have been given in connection with the above; and

2. Any obligation to share damages with or repay someone else who must pay damages because of such injury or damage.

For purposes of this exclusion, "microbial contamination" means any contamination, either airborne or surface, which arises out of or is related to the presence of fungi, mold, mildew, mycotoxins, microbial volatile organic compounds or spores, including, without limitation, Penicillium, Aspergillus, Fursarium, Aspergillis Flavus and Stachybotrys chartarum.

Losses resulting from the above causes are excluded hereunder unless arising out of one or more of the following perils, in which case this exclusion does not apply:

Fire, lightning, explosion, aircraft or vehicle impact, escape of water from appliances, falling objects, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, flood, freeze or weight of snow.

K. Aviation.

L. Fidelity and Surety.

M. Credit insurance.

N. Title insurance.

O. Any policy or policy endorsement written by the Company that is 100% reinsured to another company.

P. Loss or liability excluded by the attached Communicable Disease Exclusion (Property Treaty Reinsurance).

Q. Loss or liability excluded by the attached Cyber Loss Limited Exclusion Clause (Property Treaty Reinsurance) No. 1.

ARTICLE 8

SPECIAL ACCEPTANCE

Business that is not within the scope of this Contract may be submitted to Hannover Rück SE, Swiss Reinsurance America Corporation, and Lloyd's Underwriter Syndicate No. 2791 MAP (the "Lead Reinsurers") for special acceptance hereunder, and such business, if accepted by the Lead Reinsurers shall be covered hereunder, subject to the terms and conditions of this Contract, except as modified by the special acceptance. Any special acceptance agreed to by the Lead Reinsurers shall be binding on all Subscribing Reinsurers hereon. The Lead Reinsurers shall be deemed to have accepted a risk, if it has not responded within three business days after receiving the underwriting information on such risk. Any renewal of a special acceptance agreed to for a predecessor contract to this Contract shall automatically be covered hereunder.

ARTICLE 9

PREMIUM

[***]

ARTICLE 10

REPORTS AND REMITTANCES

In accordance with the Premium Article and the Notice of Loss and Loss Settlements Article, the Company shall provide to the Reinsurer a report of premiums and losses, and payment of losses, no less frequently than on a quarterly basis, unless there is no activity during that period. The report should be provided within 45 days from the end of each quarter. Remittances should be settled within 15 days upon receipt of the report.

ARTICLE 11

DEFINITIONS

A. The Company shall be the sole judge of what constitutes "one risk" for purposes of this Contract. It is understood and agreed that as respects HO-4 and HO-6 Policies the Company may combine the total insured values of all insured at a single location as "one risk".

B. 1. "Ultimate Net Loss" means the actual loss paid by the Company or which the Company becomes liable to pay, such loss to include Loss Adjustment Expense, 90% of any Extra Contractual Obligation and 90% of any Loss in Excess of Policy Limits as defined in the Extra Contractual Obligations/Excess of Policy Limits Article. For the avoidance of doubt, the "Ultimate Net Loss" shall include loss arising from the Third Party Property Damage coverage provided under the HO-4 and HO-6 Policies consistent with the definition of "one risk" as outlined in under paragraph A above.

2. Salvages and all recoveries (including amounts due from all reinsurances that inure to the benefit of this Contract, whether recovered or not), shall be first deducted from such loss to arrive at the amount of liability attaching hereunder.

3. All salvages, recoveries or payments recovered or received subsequent to loss settlement hereunder shall be applied as if recovered or received prior to the aforesaid settlement, and all necessary adjustments shall be made by the parties hereto.

4. Notwithstanding the above, Loss Adjustment Expense incurred in obtaining salvages or recoveries, or in the reduction or reversal of any award or judgment, shall be apportioned between the Company and the Reinsurer in the proportion that each benefits from such salvage, recovery, reduction or reversal. However, if such expense exceeds the amount recovered, the expense shall be included in Ultimate Net Loss.

5. The Company shall be deemed to be "liable to pay" a loss when a judgment has been rendered that the Company does not plan to appeal, and/or the Company has obtained a release, and/or the Company has accepted a proof of loss.

6. Nothing in this clause shall be construed to mean that losses are not recoverable hereunder until the Company's "Ultimate Net Loss" has been ascertained.

C. "Loss Adjustment Expense" means costs and expenses incurred by the Company in connection with the investigation, appraisal, adjustment, settlement, litigation, defense or appeal of a specific claim or loss, or alleged loss, including but not limited to:

1. court costs;

2. costs of supersedeas and appeal bonds;

3. monitoring counsel expenses;

4. legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto, including but not limited to declaratory judgment actions;

5. post-judgment interest;

6. pre-judgment interest, unless included as part of an award or judgment;

7. a pro rata share of salaries and expenses of Company employees, calculated in accordance with the time occupied in adjusting such loss, and expenses of other Company employees who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract; and

8. subrogation, salvage and recovery expenses.

"Loss Adjustment Expense" does not include salaries and expenses of the Company's employees, except as provided in subparagraph (7) above, and office and other overhead expenses.

D. "Policy" means any binder, policy, or contract of insurance or reinsurance issued, accepted or held covered provisionally or otherwise, by or on behalf of the Company.

E. "Act(s) of Terrorism" shall be defined as in the Company's original Policies or, if not defined therein, shall mean: the use of force or violence and/or the threat thereof committed for political, religious, or ideological purposes and with the intention to influence any government and/or to put the public, or any section of the public, in fear.

F. "Gross Net Earned Premium Income" means gross earned premium of the Company for the classes of business reinsured hereunder, less the earned portion of premiums ceded by the Company for reinsurance that inures to the benefit of this Contract.

G. 1. "Loss Occurrence" means the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event. However, the duration and extent of any one "Loss Occurrence" shall be limited to all individual losses sustained by the Company occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term "Loss Occurrence" shall be further defined as follows:

   a. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Company occurring during any period of 120 consecutive hours arising out of and directly occasioned by the same event.

   b. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Company occurring during any period of 72 consecutive hours arising out of and directly occasioned by the same event. The maximum duration of 72 consecutive hours may be extended in respect

of individual losses which occur beyond such 72 consecutive hours during the continued occupation of an assured's premises by strikers, provided such occupation commenced during the aforesaid period.

c. As regards earthquake and fire following directly occasioned by the earthquake, those earthquake losses and individual fire losses that commence during the period of 168 consecutive hours may be included in the Company's "Loss Occurrence."

d. As regards "freeze," only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by the freezing and/or melting of ice, snow or sleet, or bursting frozen pipes and tanks, but not water damage caused by flood or surface water) may be included in the Company's "Loss Occurrence."

e. As regards firestorms, brush fires and any other fires, irrespective of origin (except as provided in subparagraphs b and c above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Company which occur during any period of 168 consecutive hours within a 150-mile radius of any fixed point selected by the Company may be included in the Company's "Loss Occurrence." However, an individual loss subject to this subparagraph cannot be included in more than one "Loss Occurrence."

2. The Company may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss.

3. Only one period of consecutive hours shall apply with respect to one event, except that, as respects those "Loss Occurrences" referred to in subparagraphs G.1.a. and G.1.b. above, if the disaster, accident or loss occasioned by the event is of greater duration than 120 or 72 consecutive hours, respectively, then the Company may divide that disaster, accident or loss into two or more "Loss Occurrences" provided no two periods overlap and no individual loss is included in more than one such period and provided that no period commences earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss.

4. Losses arising from a combination of two or more perils as a result of the same event shall be considered as having arisen from one "Loss Occurrence." Notwithstanding the foregoing, the hourly limitations as stated above shall not be exceeded as respects the applicable perils, and no single "Loss Occurrence" shall encompass a time period greater than 168 consecutive hours.

ARTICLE 12

EXTRA CONTRACTUAL OBLIGATIONS/EXCESS OF POLICY LIMITS

A. This Contract shall cover Extra Contractual Obligations, as provided in the definition of Ultimate Net Loss. "Extra Contractual Obligations" shall be defined as those liabilities not covered under any other provision of this Contract and that arise from the handling of any claim on business covered hereunder, such liabilities arising because of, but not limited to, the following: failure by the Company to settle within the Policy limit, or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such action.

B. This Contract shall cover Loss in Excess of Policy Limits, as provided in the definition of Ultimate Net Loss. "Loss in Excess of Policy Limits" shall be defined as Loss in excess of the Policy limit, having been incurred because of, but not limited to, failure by the Company to settle within the Policy limit or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such action.

C. An Extra Contractual Obligation and/or Loss in Excess of Policy Limits shall be deemed to have occurred on the same date as the loss covered under the Company's Policy, and shall constitute part of the original loss.

D. For the purposes of the Loss in Excess of Policy Limits coverage hereunder, the word "Loss" shall mean any amounts for which the Company would have been contractually liable to pay had it not been for the limit of the original Policy.

E. Loss Adjustment Expense in respect of Extra Contractual Obligations and/or Loss in Excess of Policy Limits shall be covered hereunder in the same manner as other Loss Adjustment Expense.

F. However, this Article shall not apply where the loss has been incurred due to final legal adjudication of fraud of a member of the Board of Directors or a corporate officer of the Company acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

G. In no event shall coverage be provided to the extent not permitted under New York State law.

ARTICLE 13

NET RETAINED LIABILITY

A. This Contract applies only to that portion of any loss that the Company retains net for its own account (prior to deduction of any reinsurance that inures solely to the benefit of the Company).

B. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Company to collect from any other reinsurer(s), whether specific or general, any amounts that may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

ARTICLE 14

ORIGINAL CONDITIONS

All reinsurance under this Contract shall be subject to the same terms, conditions, waivers and interpretations, and to the same modifications and alterations as the respective Policies of the Company. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.

ARTICLE 15

NO THIRD PARTY RIGHTS

This Contract is solely between the Company and the Reinsurer, and in no instance shall any insured, claimant or other third party have any rights under this Contract except as may be expressly provided otherwise herein.

ARTICLE 16

NOTICE OF LOSS AND LOSS SETTLEMENTS

A. The Company shall advise the Reinsurer promptly of all losses that, in the opinion of the Company based upon its reasonable knowledge, may result in a claim hereunder and of all subsequent developments thereto that may materially affect the position of the Reinsurer.

B. The Company alone and at its full discretion shall adjust, settle or compromise all claims and losses.

C. As respects losses subject to this Contract, all loss settlements made by the Company, whether under strict Policy terms or by way of compromise, and any Extra Contractual Obligations and/or Loss in Excess of Policy Limits, shall be binding upon the Reinsurer, and

the Reinsurer agrees to pay or allow, as the case may be, its share of each such settlement immediately upon receipt of proof of loss.

ARTICLE 17

OFFSET

Each party hereto shall have, and may exercise at any time and from time to time, the right to offset any and all balances due from a party to the other arising under this Contract. In the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with the provisions of any applicable law governing offset entitlement.

ARTICLE 18

CURRENCY

A. Where the word "Dollars" and/or the sign "$" appear in this Contract, they shall mean United States Dollars, and all payments hereunder shall be in United States Dollars.

B. For purposes of this Contract, where the Company receives premiums or pays losses in currencies other than United States Dollars, such premiums or losses shall be converted into United States Dollars at the actual rates of exchange at which these premiums or losses are entered in the Company's books.

ARTICLE 19

UNAUTHORIZED REINSURANCE

A. This Article applies:

1. only to the extent a Subscribing Reinsurer does not qualify for credit with any insurance regulatory authority having jurisdiction over the Company's reserves, or

2. to a Subscribing Reinsurer qualified as a reciprocal jurisdiction reinsurer with any such insurance regulatory authority in the event such Subscribing Reinsurer resists enforcement of a final judgment that is enforceable under the law of the jurisdiction in which it was obtained or a properly enforceable arbitration award, whether obtained by the Company or by its legal successor on behalf of its resolution estate, in which case such Subscribing Reinsurer shall fund 100% of its share of the Reinsurer's Obligations as hereinafter provided.

B. The Company agrees, in respect of its Policies or bonds falling within the scope of this Contract, that when it files with its insurance regulatory authority, or sets up on its books liabilities as required by law, it shall forward to the Reinsurer a statement showing the proportion of such liabilities applicable to the Reinsurer. The "Reinsurer's Obligations" shall be defined as follows:

1. unearned premium (if applicable);

2. known outstanding losses that have been reported to the Reinsurer and Loss Adjustment Expense relating thereto;

3. losses and Loss Adjustment Expense paid by the Company but not recovered from the Reinsurer;

4. losses incurred but not reported and Loss Adjustment Expense relating thereto;

5. all other amounts for which the Company cannot take credit on its financial statements unless funding is provided by the Reinsurer.

C. The Reinsurer's Obligations shall be funded by funds withheld, cash advances, Trust Agreement or a Letter of Credit (LOC). The Reinsurer shall have the option of determining the method of funding provided it is acceptable to the Company and insurance regulatory authorities having jurisdiction over the Company's reserves.

D. When funding by Trust Agreement, the Reinsurer shall ensure that the Trust Agreement complies with the provisions of the "Trust Agreement Requirements Clause" attached hereto. When funding by an LOC, the Reinsurer agrees to apply for and secure timely delivery to the Company of a clean, irrevocable and unconditional LOC issued by a bank and containing provisions acceptable to the insurance regulatory authorities having jurisdiction over the Company's reserves in an amount equal to the Reinsurer's Obligations. Such LOC shall be issued for a period of not less than one year, and shall be automatically extended for one year from its date of expiration or any future expiration date unless 30 days (or such other time period as may be required by insurance regulatory authorities), prior to any expiration date the issuing bank shall notify the Company by certified or registered mail that the issuing bank elects not to consider the LOC extended for any additional period.

E. The Reinsurer and the Company agree that any funding provided by the Reinsurer pursuant to the provisions of this Contract may be drawn upon at any time, notwithstanding any other provision of this Contract, and be utilized by the Company or any successor, by operation of law, of the Company including, without limitation, any liquidator, rehabilitator, receiver or conservator of the Company, for the following purposes, unless otherwise provided for in a separate Trust Agreement:

1. to reimburse the Company for the Reinsurer's Obligations, the payment of which is due under the terms of this Contract and that has not been otherwise paid;

2. to make refund of any sum that is in excess of the actual amount required to pay the Reinsurer's Obligations under this Contract (or in excess of 102% of the Reinsurer's Obligations, if funding is provided by a Trust Agreement);

3. to fund an account with the Company for the Reinsurer's Obligations. Such cash deposit shall be held in an interest bearing account separate from the Company's other

assets, and interest thereon not in excess of the prime rate shall accrue to the benefit of the Reinsurer. Any taxes payable on accrued interest shall be paid out of the assets in the account that are in excess of the Reinsurer's Obligations (or in excess of 102% of the Reinsurer's Obligations, if funding is provided by a Trust Agreement). If the assets are inadequate to pay taxes, any taxes due shall be paid or reimbursed by the Reinsurer;

4. to pay the Reinsurer's share of any other amounts the Company claims are due under this Contract.

F. If the amount drawn by the Company is in excess of the actual amount required for paragraphs E(1) or E(3) above, or in the case of paragraph E(4) above, the actual amount determined to be due, the Company shall promptly return to the Reinsurer the excess amount so drawn. All of the foregoing shall be applied without diminution because of insolvency on the part of the Company or the Reinsurer.

G. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company.

H. At annual intervals, or more frequently at the discretion of the Company, but never more frequently than quarterly, the Company shall prepare a specific statement of the Reinsurer's Obligations for the sole purpose of amending the LOC or other method of funding, in the following manner:

1. If the statement shows that the Reinsurer's Obligations exceed the balance of the LOC as of the statement date, the Reinsurer shall, within 30 days after receipt of the statement, secure delivery to the Company of an amendment to the LOC increasing the amount of credit by the amount of such difference. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, increase such funding by the amount of such difference.

2. If, however, the statement shows that the Reinsurer's Obligations are less than the balance of the LOC (or that 102% of the Reinsurer's Obligations are less than the trust account balance if funding is provided by a Trust Agreement), as of the statement date, the Company shall, within 30 days after receipt of written request from the Reinsurer, release such excess credit by agreeing to secure an amendment to the LOC reducing the amount of credit available by the amount of such excess credit. Should another method of funding be used, the Company shall, within the time period outlined above, decrease such funding by the amount of such excess.

ARTICLE 20

TAXES

A. In consideration of the terms under which this Contract is issued, the Company undertakes not to claim any deduction of the premium hereon when making Canadian tax returns or when making tax returns, other than Income or Profits Tax returns, to any state or territory of the United States of America or to the District of Columbia.

B. 1. Each Subscribing Reinsurer has agreed to allow, for the purpose of paying the Federal Excise Tax, the applicable percentage of the premium payable hereon (as imposed under the Internal Revenue Code) to the extent such premium is subject to Federal Excise Tax.

2. In the event of any return of premium becoming due hereunder, the Subscribing Reinsurer shall deduct the applicable percentage of the premium from the amount of the return, and the Company or its agent should take steps to recover the Tax from the U.S. Government.

ARTICLE 21

ACCESS TO RECORDS

A. The Reinsurer or its duly authorized representatives shall have the right to visit the offices of the Company to inspect, examine, audit, and verify any of the policy, accounting or claim files ("Records") relating to business reinsured under this Contract during regular business hours after giving five working days' prior notice. This right shall be exercisable during the term of this Contract or after the expiration of this Contract. Notwithstanding the above, the Reinsurer shall not have any right of access to the Records of the Company if it is not current in all undisputed payments due the Company.

B. Notwithstanding the above, the Company reserves the right to withhold from the Reinsurer any Privileged Documents. However, the Company shall permit and not object to the Reinsurer's access to Privileged Documents in connection with the underlying claim reinsured hereunder following final settlement or final adjudication of the case or cases involving such claim, with prejudice against all claimants and all parties to such adjudications; the Company may defer release of such Privileged Documents if there are subrogation, contribution, or other third party actions with respect to that claim or case, and the Company's defense might be jeopardized by release of such Privileged Documents. In the event that the Company seeks to defer release of such Privileged Documents, it shall, in consultation with the Reinsurer, take other steps as reasonably necessary to provide the Reinsurer with the information it reasonably requires to indemnify the Company without causing a loss of such privileges or protections. The Reinsurer shall not have access to Privileged Documents relating to any dispute between the Company and the Reinsurer.

C. For purposes of this Article:

1. "Privileged Documents" means any documents that are Attorney-Client Privilege Documents and/or Work Product Privilege Documents.

2. "Attorney-Client Privilege Documents" means communications of a confidential nature between (a) the Company, or anyone retained by or at the direction of the Company, or its in-house or outside legal counsel, or anyone in the control of such legal counsel, and (b) any in-house or outside legal counsel, if such communications relate to legal advice being sought by the Company and/or contain legal advice being provided to the Company.

3. "Work Product Privilege Documents" means communications, written materials and tangible things prepared by or for in-house or outside counsel, or prepared by or for the Company, in anticipation of or in connection with litigation, arbitration, or other dispute resolution proceedings.

ARTICLE 22

CONFIDENTIALITY

A. The Reinsurer hereby acknowledges that the documents, information and data provided to it by the Company, whether directly or through an authorized agent, in connection with the placement and execution of this Contract ("Confidential Information") are proprietary and confidential to the Company. Confidential Information shall not include documents, information or data that the Reinsurer can show:

1. are publicly known or have become publicly known through no unauthorized act of the Reinsurer;

2. have been rightfully received from a third person without obligation of confidentiality; or

3. were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.

B. Absent the written consent of the Company, the Reinsurer shall not disclose any Confidential Information to any third parties, except:

1. when required by retrocessionaires as respects business ceded to this Contract;

2. when required by regulators performing an audit of the Reinsurer's records and/or financial condition; or

3. when required by external auditors performing an audit of the Reinsurer's records in the normal course of business.

provided any party receiving such Confidential Information under subparagraphs B(1) and B(3) herein is advised by the Reinsurer of the confidential nature of the information and agrees to abide by the restrictions set forth in this Contract. Further, the Reinsurer agrees not to use any Confidential Information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

C. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the Confidential Information, the Reinsurer agrees to provide the Company with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Company in maintaining the confidentiality provided for in this Article.

D. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

E. Notwithstanding the above, this Confidentiality Article and the Access to Records Article of this Contract shall comply with the confidentiality and non-disclosure agreement previously signed by the Company and the Reinsurer (the "NDA"). The provisions of the NDA shall prevail in the event of conflict between the provisions of this Contract and the provisions of the NDA.

ARTICLE 23

INDEMNIFICATION AND ERRORS AND OMISSIONS

A. The Reinsurer is reinsuring, subject to the terms and conditions of this Contract, the obligations of the Company under any Policy. The Company shall be the sole judge as to:

1. what shall constitute a claim or loss covered under any Policy;

2. the Company's liability thereunder;

3. the amount or amounts that it shall be proper for the Company to pay thereunder.

B. The Reinsurer shall be bound by the judgment of the Company, subject to the terms and conditions of this Contract, as to the obligation(s) and liability(ies) of the Company under any Policy.

C. Any inadvertent error, omission or delay in complying with the terms and conditions of this Contract shall not be held to relieve either party hereto from any liability that would attach to it hereunder if such error, omission or delay had not been made, provided such error, omission or delay is rectified immediately upon discovery.

ARTICLE 24

INSOLVENCY

A. If more than one reinsured company is referenced within the definition of "Company" in the Preamble to this Contract, this Article shall apply severally to each such company. Further, this Article and the laws of the domiciliary location shall apply in the event of the insolvency of any company covered hereunder. In the event of a conflict between any provision of this Article and the laws of the domiciliary location of any company covered hereunder, that domiciliary location's laws shall prevail.

B. In the event of the insolvency of the Company, this reinsurance (or the portion of any risk or obligation assumed by the Reinsurer, if required by applicable law) shall be payable directly to the Company, or to its liquidator, receiver, conservator or statutory successor, either: (1) on the basis of the liability of the Company, or (2) on the basis of claims filed and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Company or because the liquidator, receiver, conservator or statutory successor of the Company has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Company shall give written notice to the Reinsurer of the pendency of a claim against the Company indicating the Policy or bond reinsured, which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense or defenses that it may deem available to the Company or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Company as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit that may accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

C. Where two or more reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this reinsurance Contract as though such expense had been incurred by the Company.

D. As to all reinsurance made, ceded, renewed or otherwise becoming effective under this Contract, the reinsurance shall be payable as set forth above by the Reinsurer to the Company or to its liquidator, receiver, conservator or statutory successor, (except as provided by Section 4118(a)(1)(A) of the New York Insurance Law, provided the conditions of 1114(c) of such law have been met, if New York law applies) or except (1) where the Contract specifically provides another payee in the event of the insolvency of the Company, or (2) where the Reinsurer, with the consent of the direct insured or insureds, has assumed such Policy obligations of the Company as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Company to such payees. Then,

and in that event only, the Company, with the prior approval of the certificate of assumption on New York risks by the Superintendent of Financial Services of the State of New York, or with the prior approval of such other regulatory authority as may be applicable, is entirely released from its obligation and the Reinsurer shall pay any loss directly to payees under such Policy.

ARTICLE 25

ARBITRATION

A. Any dispute arising out of the interpretation, performance or breach of this Contract, including the formation or validity thereof, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration shall be in writing and sent certified or registered mail, return receipt requested.

B. One arbitrator shall be chosen by each party and the two arbitrators shall then choose an impartial third arbitrator who shall preside at the hearing. If either party fails to appoint its arbitrator within 30 days after being requested to do so by the other party, the latter, after 10 days' prior notice by certified or registered mail of its intention to do so, may appoint the second arbitrator.

C. If the two arbitrators do not agree on a third arbitrator within 60 days of their appointment, the third arbitrator shall be chosen in accordance with the procedures for selecting the third arbitrator in force on the date the arbitration is demanded, established by the AIDA Reinsurance and Insurance Arbitration Society – U.S. (ARIAS). The members of the arbitration panel will be impartial, disinterested, and not currently representing any party participating in the arbitration, and will be current or former senior officers of insurance or reinsurance concerns, experienced in the line(s) of business that are the subject of this Contract. If a member of the panel dies, becomes disabled or is otherwise unwilling or unable to serve, a substitute shall be selected in the same manner as the departing member was chosen and the arbitration shall continue.

D. Within 30 days after all arbitrators have been appointed, the panel shall meet and determine timely periods for briefs, discovery procedures and schedules of hearings.

E. The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. Notwithstanding anything to the contrary in this Contract, the arbitrators may at their discretion, consider underwriting and placement information provided by the Company to the Reinsurer, as well as any correspondence exchanged by the parties that is related to this Contract. Unless the panel agrees otherwise, arbitration shall take place in New York, New York, but the venue may be changed when deemed by the panel to be in the best interest of the arbitration proceeding. Insofar as the arbitration panel looks to substantive law, it shall consider the law of the State of New York. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

F. The panel shall interpret this Contract as an honorable engagement rather than as merely a legal obligation and shall make its decision considering the custom and practice of the applicable insurance and reinsurance business as promptly as possible after the hearings. Judgment upon an award may be entered in any court having jurisdiction thereof.

G. Each party shall bear the expense of its own arbitrator and shall jointly and equally bear with the other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorneys' fees, to the extent permitted by law.

ARTICLE 26

SERVICE OF SUIT

A. This Article applies only to those Subscribing Reinsurers not domiciled in the United States of America, and/or not authorized in any state, territory and/or district of the United States of America where authorization is required by insurance regulatory authorities.

B. This Article shall not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.

C. In the event of the failure of the Reinsurer to perform its obligations hereunder, the Reinsurer, at the request of the Company, shall submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is selected, whether such court is the one originally chosen by the Company and accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, shall comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against the Reinsurer upon this Contract, shall abide by the final decision of such court or of any appellate court in the event of an appeal.

D. Service of process in such suit may be made upon:

1. as respects Underwriting Members of Lloyd's, London: Lloyd's America, Inc., Attention: Legal Department, 280 Park Avenue, East Tower, 25th Floor, New York, New York 10017;

2. as respects any other Subscribing Reinsurer: Messrs. Mendes and Mount, 750 Seventh Avenue, New York, New York 10019-6829, or another party specifically designated in the Subscribing Reinsurer's Interests and Liabilities Agreement attached hereto.

The above-named are authorized and directed to accept service of process on behalf of the Reinsurer in any such suit.

E. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefor, the Reinsurer hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Contract, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

ARTICLE 27

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 28

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation by the laws of the State of New York, exclusive of conflict of law rules. However, with respect to credit for reinsurance, the rules of all applicable states shall apply.

ARTICLE 29

ENTIRE AGREEMENT

This Contract, together with the Non-Disclosure Agreement with the Reinsurer, sets forth all of the duties and obligations between the Company and the Reinsurer and supersedes any and all prior or contemporaneous written agreements with respect to matters referred to in this Contract. This Contract may only be modified or changed by an amendment in writing that shall be signed by both parties and submitted for approval to the Superintendent of the New York Department of Financial Services. However, this Article shall not be construed as limiting the admissibility of evidence regarding the formation, interpretation, purpose or intent of this Contract.

ARTICLE 30

NON-WAIVER

The failure of the Company or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights contained in this Contract nor prevent either party from thereafter demanding full and complete compliance nor prevent either party from exercising such remedy in the future.

ARTICLE 31

AGENCY AGREEMENT

For purposes of sending and receiving notices and payments required by this Contract, Lemonade Insurance Company shall be deemed the agent of all other reinsured companies referenced in this Contract. In no event, however, shall any reinsured company be deemed the agent of another with respect to the terms of the Insolvency Article.

ARTICLE 32

INTERMEDIARY

Guy Carpenter & Company, LLC, is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including notices, statements, premiums, return premiums, commissions, taxes, losses, Loss Adjustment Expenses, salvages, and loss settlements) relating thereto shall be transmitted to the Company or the Reinsurer through the Intermediary. Payments by the Company to the Intermediary shall be deemed payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed payment to the Company only to the extent that such payments are actually received by the Company.

ARTICLE 33

MODE OF EXECUTION

A. This Contract may be executed by:

1. an original written ink signature of paper documents;

2. an exchange of facsimile copies showing the original written ink signature of paper documents;

3. electronic signature technology employing computer software and a digital signature or digitizer pen pad to capture a person's handwritten signature in such a manner that the signature is unique to the person signing, is under the sole control of the person signing, is capable of verification to authenticate the signature and is linked to the

document signed in such a manner that if the data is changed, such signature is invalidated.

B. The use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this Contract. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

IN WITNESS WHEREOF, the Company has caused this Contract to be executed by its duly authorized representative(s), who also confirms the Company's review of and agreement to be bound by the terms and conditions of the Interests and Liabilities Agreements attached to and forming part of this Contract,

Signed in _____ this _____day of _____, in the year of 20__.

LEMONADE INSURANCE COMPANY

By: _____ Title: President/CEO

and signed in _____ this _____day of _____, in the year of 20____.

METROMILE INSURANCE COMPANY

By: _____ Title: _____

PROPERTY PER RISK EXCESS OF LOSS REINSURANCE CONTRACT

NUCLEAR INCIDENT EXCLUSION CLAUSE - PHYSICAL DAMAGE - REINSURANCE - U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reassured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and "critical facilities" as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of "special nuclear material", and for reprocessing, salvaging, chemically separating, storing or disposing of "spent" nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reassured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reassured to be the primary hazard.

6. The term "special nuclear material" shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.

7. Reassured to be sole judge of what constitutes:

   (a) substantial quantities, and

   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

   (a) all policies issued by the Reassured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

   (b) with respect to any risk located in Canada policies issued by the Reassured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

12/12/57
NMA 1119

NOTES: Wherever used herein the terms:

"Reassured" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

NUCLEAR INCIDENT EXCLUSION CLAUSE - LIABILITY - REINSURANCE - U.S.A.

(1) This reinsurance does not cover any loss or liability accruing to the Reassured as a member of, or subscriber to, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such member, subscriber or association.

(2) Without in any way restricting the operation of paragraph (1) of this Clause it is understood and agreed that for all purposes of this reinsurance all the original policies of the Reassured (new, renewal and replacement) of the classes specified in Clause II of this paragraph (2) from the time specified in Clause III in this paragraph (2) shall be deemed to include the following provision (specified as the Limited Exclusion Provision):

Limited Exclusion Provision.*

I. It is agreed that the policy does not apply under any liability coverage, to

injury, sickness, disease, death or destruction

bodily injury or property damage

with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability.

II. Family Automobile Policies (liability only), Special Automobile Policies (private passenger automobiles, liability only), Farmers Comprehensive Personal Liability Policies (liability only), Comprehensive Personal Liability Policies (liability only) or policies of a similar nature; and the liability portion of combination forms related to the four classes of policies stated above, such as the Comprehensive Dwelling Policy and the applicable types of Homeowners Policies.

III. The inception dates and thereafter of all original policies as described in II above, whether new, renewal or replacement, being policies which either

(a) become effective on or after 1st May, 1960, or

(b) become effective before that date and contain the Limited Exclusion Provision set out above;

provided this paragraph (2) shall not be applicable to Family Automobile Policies, Special Automobile Policies, or policies or combination policies of a similar nature, issued by the Reassured on New York risks, until 90 days following approval of the Limited Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(3) Except for those classes of policies specified in Clause II of paragraph (2) and without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that for all purposes of this reinsurance the original liability policies of the Reassured (new, renewal and replacement) affording the following coverages:

> Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability)

shall be deemed to include, with respect to such coverages, from the time specified in Clause V of this paragraph (3), the following provision (specified as the Broad Exclusion Provision):

Broad Exclusion Provision.*

It is agreed that the policy does not apply:

I. Under any Liability Coverage, to

injury, sickness, disease, death or destruction

bodily injury or property damage

(a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to

immediate medical or surgical relief

first aid,

to expenses incurred with respect to

bodily injury, sickness, disease or death

bodily injury

resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage, to

injury, sickness, disease, death or destruction

bodily injury or property damage

resulting from the hazardous properties of nuclear material, if

(a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;

(b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(c) the

injury, sickness, disease, death or destruction

bodily injury or property damage

arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to

injury to or destruction of property at such nuclear facility.

property damage to such nuclear facility and any property thereat.

IV. As used in this endorsement:

"**hazardous properties**" include radioactive, toxic or explosive properties; "**nuclear material**" means source material, special nuclear material or byproduct material; "**source material**", "**special nuclear material**", and "**byproduct material**" have the

meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; "**spent fuel**" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "**waste**" means any waste material (1) containing byproduct material other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content and (2) resulting from the operation by any person or organization of any nuclear facility included under the first two paragraphs of the definition of nuclear facility; "**nuclear facility**" means

(a) any nuclear reactor,

(b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,

(c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "**nuclear reactor**" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

With respect to injury to or destruction of property, the word "injury" or "destruction" includes all forms of radioactive contamination of property. "property damage" includes all forms of radioactive contamination of property.

V. The inception dates and thereafter of all original policies affording coverages specified in this paragraph (3), whether new, renewal or replacement, being policies which become effective on or after 1st May, 1960, provided this paragraph (3) shall not be applicable to

(i) Garage and Automobile Policies issued by the Reassured on New York risks, or

(ii) statutory liability insurance required under Chapter 90, General Laws of Massachusetts,

until 90 days following approval of the Broad Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(4) Without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that paragraphs (2) and (3) above are not applicable to original liability policies of the Reassured in Canada and that with respect to such policies this Clause shall be deemed to include the Nuclear Energy Liability Exclusion Provisions adopted by the Canadian Underwriters' Association or the Independent Insurance Conference of Canada.

***NOTE. The words printed in italics in the Limited Exclusion Provision and in the Broad Exclusion Provision shall apply only in relation to original liability policies which include a Limited Exclusion Provision or a Broad Exclusion Provision containing those words.**

NOTES: Wherever used herein the terms:

"Reassured" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

21/9/67
NMA 1590 (amended)

NUCLEAR ENERGY RISKS EXCLUSION CLAUSE (REINSURANCE) (1994)
(WORLDWIDE EXCLUDING U.S.A. AND CANADA)

This Agreement shall exclude Nuclear Energy Risks whether such risks are written directly and/or by way of reinsurance and/or via Pools and/or Associations.

For all purposes of this Agreement Nuclear Energy Risks shall mean all first party and/or third party insurances or reinsurances (other than Workers' Compensation and Employers' Liability) in respect of:

(I) All Property on the site of a nuclear power station.

Nuclear Reactors, reactor buildings and plant and equipment therein on any site other than a nuclear power station.

(II) All Property, on any site (including but not limited to the sites referred to in (I) above) used or having been used for:

(a) the generation of nuclear energy; or

(b) the Production, Use or Storage of Nuclear Material.

(III) Any other Property eligible for insurance by the relevant local Nuclear Insurance Pool and/or Association but only to the extent of the requirements of that local Pool and/or Association.

(IV) The supply of goods and services to any of the sites, described in (I) to (III) above, unless such insurances or reinsurances shall exclude the perils of irradiation and contamination by Nuclear Material.

Except as undernoted, Nuclear Energy Risks shall not include:

(i) Any insurance or reinsurance in respect of the construction or erection or installation or replacement or repair or maintenance or decommissioning of Property as described in (I) to (III) above (including contractors' plant and equipment);

(ii) Any Machinery Breakdown or other Engineering insurance or reinsurance not coming within the scope of (i) above.

Provided always that such insurance or reinsurance shall exclude the perils of irradiation and contamination by Nuclear Material.

However, the above exemption shall not extend to:

(1) The provision of any insurance or reinsurance whatsoever in respect of:

(a) Nuclear Material;

(b) Any Property in the High Radioactivity Zone or Area of any Nuclear Installation as from the introduction of Nuclear Material or - for reactor installations - as from fuel loading or first criticality where so agreed with the relevant local Nuclear Insurance Pool and/or Association.

(2) The provision of any insurance or reinsurance for the undernoted perils:

- fire, lightning, explosion;
- earthquake;
- aircraft and other aerial devices or
- articles dropped therefrom;
- irradiation and radioactive contamination;
- any other peril insured by the relevant local Nuclear Insurance Pool and/or Association;

in respect of any other Property not specified in (1) above which directly involves the Production, Use or Storage of Nuclear Material as from the introduction of Nuclear Material into such Property.

Definitions

"Nuclear Material" means:

(i) Nuclear fuel, other than natural uranium and depleted uranium, capable of producing energy by a self-sustaining chain process of nuclear fission outside a Nuclear Reactor, either alone or in combination with some other material; and

(ii) Radioactive Products or Waste.

"Radioactive Products or Waste" means any radioactive material produced in, or any material made radioactive by exposure to the radiation incidental to the production or utilization of nuclear fuel, but does not include radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial or industrial purpose.

"Nuclear Installation" means:

(i) Any Nuclear Reactor;

(ii) Any factory using nuclear fuel for the production of Nuclear Material, or any factory for the processing of Nuclear Material, including any factory for the reprocessing of irradiated nuclear fuel; and

(iii) Any facility where Nuclear Material is stored, other than storage incidental to the carriage of such material.

"Nuclear Reactor" means any structure containing nuclear fuel in such an arrangement that a self-sustaining chain process of nuclear fission can occur therein without an additional source of neutrons.

"Production, Use or Storage of Nuclear Material" means the production, manufacture, enrichment, conditioning, processing, reprocessing, use, storage, handling and disposal of Nuclear Material.

"Property" shall mean all land, buildings, structures, plant, equipment, vehicles, contents (including but not limited to liquids and gases) and all materials of whatever description whether fixed or not.

"High Radioactivity Zone or Area" means:

(i) For nuclear power stations and Nuclear Reactors, the vessel or structure which immediately contains the core (including its supports and shrouding) and all the contents thereof, the fuel elements, the control rods and the irradiated fuel store; and

(ii) For non-reactor Nuclear Installations, any area where the level of radioactivity requires the provision of a biological shield.

N.M.A. 1975(a)
April 1, 1994

NOTES: Wherever used herein the terms:

"Reinsured" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

TRUST AGREEMENT REQUIREMENTS CLAUSE

A. Except as provided in paragraph B of this Clause, if the Reinsurer satisfies its funding obligations under the Unauthorized Reinsurance Article by providing a Trust Agreement, the Reinsurer shall ensure that the Trust Agreement:

1. Requires the Reinsurer to establish a trust account for the benefit of the Company, and specifies what the Trust Agreement is to cover;

2. Stipulates that assets deposited in the trust account shall be valued according to their current fair market value and shall consist only of cash (United States legal tender), certificates of deposit (issued by a United States bank and payable in United States legal tender), and investments of the types permitted by the regulatory authorities having jurisdiction over the Company's reserves, or any combination of the three, provided that the investments are issued by an institution that is not the parent, subsidiary or affiliate of either the Reinsurer or the Company;

3. Requires the Reinsurer, prior to depositing assets with the trustee, to execute assignments or endorsements in blank, or to transfer legal title to the trustee of all shares, obligations or any other assets requiring assignments, in order that the Company, or the trustee upon the direction of the Company, may whenever necessary negotiate these assets without consent or signature from the Reinsurer or any other entity;

4. Requires that all settlements of account between the Company and the Reinsurer be made in cash or its equivalent; and

5. Provides that assets in the trust account shall be withdrawn only as permitted in this Contract, without diminution because of the insolvency of the Company or the Reinsurer.

B. If a ceding insurer is domiciled in California and the Reinsurer satisfies its funding obligations under the Unauthorized Reinsurance Article by providing a Trust Agreement, the Reinsurer shall ensure that the Trust Agreement:

1. Provides that assets deposited in the trust account shall be valued according to their current fair market value and shall consist only of cash in United States dollars, certificates of deposit issued by a United States financial institution as defined in California Insurance Code Section 922.7(a) and payable in United States dollars, and investments permitted by the California Insurance Code, or any combination of the above.

2. Provides that investments in or issued by an entity controlling, controlled by or under common control with either the grantor or the beneficiary of the trust shall not exceed 5% of total investments.

3. Requires the Reinsurer, prior to depositing assets with the trustee, to execute assignments or endorsements in blank, or to transfer legal title to the trustee of all shares, obligations or any other assets requiring assignments, in order that the ceding insurer, or the trustee upon the direction of the ceding insurer, may, whenever necessary, negotiate these assets without consent or signature from the Reinsurer or any other entity.

4. Provides that assets in the trust account shall be withdrawn only as permitted in this Contract, without diminution because of the insolvency of the ceding insurer or the Reinsurer.

C. If there are multiple ceding insurers that collectively comprise the Company, "regulatory authorities" as referenced in subparagraph A(2) above, shall mean the individual ceding insurer's domestic regulator.

POOLS, ASSOCIATIONS & SYNDICATES EXCLUSION CLAUSE

Section A:

This Contract excludes:

a. All business derived directly or indirectly from any Pool, Association or Syndicate which maintains its own reinsurance facilities.

b. Any Pool or Scheme (whether voluntary or mandatory) formed after March 1, 1968 for the purpose of insuring property, whether on a country-wide basis or in respect of designated areas. This exclusion shall not apply to so-called Automobile Insurance Plans or other Pools formed to provide coverage for Automobile Physical Damage.

Section B:

1. This Contract excludes business written by the Company for the same perils, which is known at the time to be insured by, or in excess of underlying amounts placed in, any Pool, Association or Syndicate, whether by way of insurance or reinsurance, formed for the purpose of writing any of the following:

   Oil, Gas or Petro-Chemical Plants

   Oil or Gas Drilling Rigs and/or

   Aviation Risks

2. The exclusion under paragraph 1 of this Section B does not apply:

   a. Where the Total Insured Value over all interests of the risk in question is less than $250,000,000.

   b. To interests traditionally underwritten as Inland Marine and/or Stock and/or Contents written on a Blanket basis.

   c. To Contingent Business Interruption, except when the Company is aware that the key location is known at the time to be insured in any Pool, Association or Syndicate named above, other than as provided for under subparagraph (a).

NOTES: Wherever used herein the terms:

"Company" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

COMMUNICABLE DISEASE EXCLUSION (PROPERTY TREATY REINSURANCE)

1. Notwithstanding any provision to the contrary within this reinsurance agreement, this reinsurance agreement excludes any loss, damage, liability, claim, cost or expense of whatsoever nature, directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease regardless of any other cause or event contributing concurrently or in any other sequence thereto.

2. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

   2.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and

   2.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and

   2.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.

3. Notwithstanding the foregoing, losses directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with any one of the following perils: fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, flood, freeze or weight of snow, riot, riot attending a strike, civil commotion, vandalism and malicious mischief shall be covered.

LMA5394 As amended

27 March 2020

CYBER LOSS LIMITED EXCLUSION CLAUSE (PROPERTY TREATY REINSURANCE) NO. 1

1. Notwithstanding any provision to the contrary within this reinsurance agreement or any endorsement thereto, this reinsurance agreement excludes all loss, damage, liability, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with:

    1.1 any loss of, alteration of, or damage to or a reduction in the functionality, availability or operation of a Computer System, unless subject to the provisions of paragraph 2;

    1.2 any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data.

2. Subject to the other terms, conditions and exclusions contained in this reinsurance agreement, this reinsurance agreement will cover physical damage to property insured under the original policies

3. and any Time Element Loss directly resulting therefrom where such physical damage is directly occasioned by any of the following perils:

fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, flood, freeze or weight of snow

Definitions

4. Computer System means any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility.

5. Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

Time Element Loss means business interruption, contingent business interruption or any other consequential losses.

INTERESTS AND LIABILITIES AGREEMENT

(the "Agreement")

of

REINSURER

(the "Subscribing Reinsurer")

as respects the

PROPERTY PER RISK EXCESS OF LOSS REINSURANCE CONTRACT
Effective: July 1, 2024

(the "Contract")

issued to and executed by

LEMONADE INSURANCE COMPANY
New York, New York

and

METROMILE INSURANCE COMPANY
Wilmington, Delaware

(collectively, the "Company")

The Subscribing Reinsurer's share in the interests and liabilities of the Reinsurer as set forth in the Contract shall be [***]%.

The share of the Subscribing Reinsurer in the interests and liabilities of the Reinsurer in respect of the Contract shall be separate and apart from the shares of other subscribing reinsurers, if any, on the Contract. The interests and liabilities of the Subscribing Reinsurer shall not be joint with those of such other subscribing reinsurers and in no event shall the Subscribing Reinsurer participate in the interests and liabilities of such other subscribing reinsurers.

This Agreement shall become effective at 12:01 a.m., Standard Time, July 1, 2024 and shall be subject to the provisions of the Term Article and the Special Termination Article and all other terms and conditions of the Contract.

Premium and loss payments made to Guy Carpenter shall be deposited in a Premium and Loss Account in accordance with Section 32.3(a)(1) of Regulation 98 of the Department of Financial Services of the State of New York. The Subscribing Reinsurer consents to withdrawals from said account in accordance with Section 32.3(a)(3) of the Regulation, including interest and Federal Excise Tax.

Brokerage hereunder is [***]% of gross ceded premium.

IN WITNESS WHEREOF, the Subscribing Reinsurer has caused this Agreement to be executed by its duly authorized representative as follows:

on this _____ day of _____, in the year _____.

REINSURER

Reference:

LEMONADE INSURANCE COMPANY
METROMILE INSURANCE COMPANY

PROPERTY PER RISK EXCESS OF LOSS REINSURANCE CONTRACT

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10) because it is both not material and the type of information that the registrant treats as private or confidential.

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT
issued to

LEMONADE INSURANCE COMPANY
New York, New York

and

LEMONADE INSURANCE N.V.
Amsterdam, Netherlands

and

METROMILE INSURANCE COMPANY
Wilmington, Delaware

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT

TABLE OF CONTENTS

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT

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WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT
(the "Contract")

issued to

LEMONADE INSURANCE COMPANY
New York, New York

and

LEMONADE INSURANCE N.V.
Amsterdam, Netherlands

and

METROMILE INSURANCE COMPANY
Wilmington, Delaware

(collectively, the "Company")

by

THE SUBSCRIBING REINSURER(S) IDENTIFIED
IN THE INTERESTS AND LIABILITIES AGREEMENT(S)
ATTACHED TO AND FORMING PART OF THIS CONTRACT

(the "Reinsurer")

A. This Contract shall extend to cover all insurance companies that, subject to the non-disapproval of the Superintendent of the New York Department of Financial Services, may hereafter become affiliated with the Company to the extent and under the same conditions and limitations as would be provided by this Contract if such affiliated companies were made a party under this Contract, provided that notice be given to the Reinsurer of any such companies that may hereafter become affiliated with the Company as soon as practicable, with full particulars as to how such affiliation is likely to affect this Contract. In the event of either party maintaining that such affiliation calls for alteration in existing terms, and an agreement not being arrived at, then the business of such affiliated company is covered only for a period of forty-five days after notice by either party that they do not wish the company so affiliated to be covered.

B. Reports and remittances made to the Reinsurer in accordance with the provisions of this Contract are to be in sufficient detail to identify both the Reinsurer's loss obligations due each individually named reinsured company and each individually named reinsured company's premium remittance under the report.

C. Any limits, retentions and premiums due hereunder may be treated as applying to each individually named reinsured company in accordance with the allocation agreement between those companies.

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Company in respect of the liability that may accrue to the Company as a result of loss or losses under all Policies written or renewed by the Company during the term of this Contract and classified by the Company as personal property insurance, personal liability insurance, including but not limited to private passenger auto insurance, and pet insurance, subject to the terms and conditions herein contained.

ARTICLE 2

COVER

A. The Company shall cede, and the Reinsurer shall accept as reinsurance, a quota share of maximum 100% of all business reinsured hereunder. The Reinsurer shall pay to the Company the Reinsurer's quota share of losses under the Policies, Loss Adjustment Expense, Extra Contractual Obligations, and Loss in Excess of Policy Limits covered under this Contract.

B. The Company warrants to retain a minimum 40% of all net liability during the term of the Contract in respect of proportional reinsurance; however, this provision shall not apply to Policies covered through proportional reinsurance that inures to the benefit of this Contract.

C. Notwithstanding the above, the Reinsurer's liability for losses (including Loss Adjustment Expense, Extra Contractual Obligations, and Loss in Excess of Policy Limits) will not exceed:

1. $750,000 any one property risk.

2. $10,000,000 any one Loss Occurrence as respects business covered hereunder, and further, shall not exceed $60,000,000 as respects all Loss Occurrences for the term of this Contract.

3. [***].

D. Notwithstanding the above, the Reinsurer's limit of liability shall equal [***] of the reinsurance premium for the term of this Contract.

E. The Company shall be the sole judge of what constitutes a "risk" for purposes of this Contract.

ARTICLE 3

WARRANTY

A. The Company pledges to provide the Reinsurer with a monthly update of operations by way of teleconference on a date of the Company's choosing.

B. The Company hereby warrants that it has met, fulfilled or complied with any and all legal requirements or obligations (including but not limited to all statutory, regulatory, taxation, contractual and accounting duties; hereinafter collectively referred to as the "Legal Requirements"), in terms of any applicable laws, that are required to be met, fulfilled or complied with for the performance of all benefits and all obligations connected with this Contract.

C. The Company agrees that the Reinsurer is not liable in any way for any losses of whatsoever nature suffered by the Company as a result of any failure on the part of the Company to adequately and effectively investigate and evaluate any Legal Requirements that may arise before or after signature of this Contract, except for those caused or arising out of fraud or willful default by the Reinsurer.

D. In addition, the Company agrees to indemnify the Reinsurer, its subsidiaries, directors, officers, and employees against all liabilities to any persons whatsoever, and losses, liabilities, claims, demands, costs, damages, and expenses arising directly out of or incurred directly in connection with the failure on the part of the Company to adequately and effectively investigate and evaluate any Legal Requirements that may arise before or after signature of this Contract, except for those caused or arising out of fraud or willful default by the Reinsurer.

ARTICLE 4

TERM

A. This Contract shall take effect at 12:01 a.m., Standard Time, July 1, 2024, and shall remain in effect until 12:01 a.m., Standard Time, July 1, 2025, in respect of losses occurring on Policies written or renewed during the term of this Contract. "Standard Time" shall be as defined in the Company's Policies.

B. At expiration or termination of this Contract, the Reinsurer shall remain liable for all Policies covered by this Contract that are in force at expiration, until the termination, expiration or renewal of such Policies, whichever occurs first, plus any extended reporting periods.

C. However, at expiration or termination of this Contract, the Company shall have the option to require a return of the ceded unearned premium, net of ceding commission, as of the date of

expiration, on business in force at that date, in which event the Reinsurer shall be released from liability for losses occurring, or claims made as applicable, after expiration, except for claims made under extended reporting periods attaching to Policies that expired during the term of this Contract. For purposes of this Contract, premium for an extended reporting period shall be considered fully earned on the last day of the final period of the Policy to which the extended reporting period applies.

D. In the event this Contract expires or terminates on a run-off basis, the Reinsurer's liability hereunder shall continue if the Company is required by statute or regulation to continue coverage, until the earliest date on which the Company may cancel the Policy.

ARTICLE 5

SPECIAL TERMINATION

A. The Company may terminate a Subscribing Reinsurer's percentage share in this Contract at any time by giving written notice to the Subscribing Reinsurer in the event of any of the following circumstances:

1. The Subscribing Reinsurer ceases underwriting operations.

2. A state insurance department or other legal authority orders the Subscribing Reinsurer to cease writing business, or the Subscribing Reinsurer is placed under regulatory supervision.

3. The Subscribing Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary), or there have been instituted against it proceedings for the appointment of a receiver, liquidator, rehabilitator, conservator, trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations.

4. The Subscribing Reinsurer's policyholders' surplus (or the equivalent under the Subscribing Reinsurer's accounting system) as reported in such financial statements of the Subscribing Reinsurer as designated by the Company, has been reduced by 20% of the amount thereof at any date during the prior 12-month period (including the period prior to the inception of this Contract).

5. The Subscribing Reinsurer has merged with or has become acquired or controlled by any company, corporation, or individual(s) not controlling the Subscribing Reinsurer's operations at the inception of this Contract.

6. The Subscribing Reinsurer has retroceded its entire liability under this Contract without the Company's prior written consent, except for retrocessions to members of the Subscribing Reinsurer's holding company group.

7. The Subscribing Reinsurer has been assigned an A.M. Best's rating of less than "A-" and/or an S&P rating of less than "BBB+." However, as respects Underwriting Members of Lloyd's, London, a Lloyd's Market Rating of less than "A-" by A.M. Best and/or less than "BBB+" by S&P shall apply.

B. Termination shall be effected on a run-off or cut-off basis at the option of the Company as outlined in the Term Article. The reinsurance premium due the Subscribing Reinsurer hereunder (including any minimum reinsurance premium) shall be prorated based on the period of the Subscribing Reinsurer's participation hereon, and the Subscribing Reinsurer shall immediately return any excess reinsurance premium received. Reinstatement premium, if any, shall be calculated based on the Subscribing Reinsurer's reinsurance premium earned during the period of the Subscribing Reinsurer's participation hereon.

C. Additionally, in the event of any of the circumstances listed in paragraph A. of this Article, the Company shall have the option to commute the Subscribing Reinsurer's liability for losses on Policies covered by this Contract. In the event the Company and the Subscribing Reinsurer cannot agree on the commutation amount, they shall appoint an actuary and/or appraiser to assess such amount and shall share equally any expense of the actuary and/or appraiser. If the Company and the Subscribing Reinsurer cannot agree on an actuary and/or appraiser, the Company and the Subscribing Reinsurer each shall nominate three individuals, of whom the other shall decline two, and the final appointment shall be made by drawing lots. Payment by the Subscribing Reinsurer of the amount of liability ascertained shall constitute a complete and final release of both parties in respect of liability arising from the Subscribing Reinsurer's participation under this Contract.

D. The Company's option to require commutation under paragraph C. above shall survive the termination or expiration of this Contract.

ARTICLE 6

TERRITORY

The territorial limits of this Contract shall be identical with those of the Company's Policies.

ARTICLE 7

TRADE AND ECONOMIC SANCTIONS

No party shall be deemed to provide cover and no party shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that party to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America, unless such trade or economic sanctions, laws or regulations of the United Kingdom or United States of America would contravene the laws or regulations of the European Union or Germany.

ARTICLE 8

EXCLUSIONS

This Contract shall not apply to and specifically excludes:

A. Losses excluded by the attached:

1. Nuclear Incident Exclusion Clause – Physical Damage – Reinsurance – U.S.A.

2. Nuclear Incident Exclusion Clause – Liability – Reinsurance – U.S.A.

3. Nuclear Energy Risks Exclusion Clause (Reinsurance) (1994) (Worldwide Excluding U.S.A. and Canada).

B. Liability of the Company arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any Insolvency Fund. "Insolvency Fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, howsoever denominated, established or governed, that provides for any assessment of or payment or assumption by the Company of part or all of any claim, debt, charge, fee, or other obligation of an insurer, or its successors or assigns, that has been declared by any competent authority to be insolvent, or that is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

C. Loss or liability excluded by the attached Pools, Associations & Syndicates Exclusion Clause.

D. Any loss resulting from an "Act of Terrorism," as defined herein, when the loss directly or indirectly involves a release of biological, chemical, radiological or nuclear materials.

E. Any loss or damage which is occasioned by war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but not excluding loss or damage which would be covered under a standard Policy form containing a standard war exclusion clause.

F. Financial Guarantee and Insolvency.

G. All treaty reinsurance assumed by the Company, but not to exclude inter-company reinsurance and reinsurance of Policies issued by another carrier at the Company's request, underwritten and reinsured 100% by the Company.

H. Loss resulting from pollution, to the extent excluded under the Company's Policy involved in the loss.

I. The peril of Named Storm.

J. The perils of flood and earthquake when written on a stand-alone basis. For avoidance of doubt, this exclusion shall not apply to fire following earthquake.

K. Loss or liability in any way or to any extent arising out of the actual, alleged or threatened presence of fungi, including, but not limited to, mold, mildew, mycotoxins, microbial volatile organic compounds or other "microbial contamination." This includes:

1. Any supervision, instruction, recommendations, warnings or advice given or which should have been given in connection with the above; and

2. Any obligation to share damages with or repay someone else who must pay damages because of such injury or damage.

For purposes of this exclusion, "microbial contamination" means any contamination, either airborne or surface, which arises out of or is related to the presence of fungi, mold, mildew, mycotoxins, microbial volatile organic compounds or spores, including, without limitation, Penicillium, Aspergillus, Fursarium, Aspergillis Flavus and Stachybotrys chartarum.

Losses resulting from the above causes are excluded hereunder unless arising out of one or more of the following perils, in which case this exclusion does not apply:

Fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, flood, freeze, weight of snow, or water damage as covered in the Company's original Policies.

L. Aviation.

M. Fidelity and Surety.

N. Credit insurance.

O. Title insurance.

P. Any policy or policy endorsement written by the Company that is 100% reinsured to another company.

Q. Losses directly or indirectly occasioned by:

1. Loss of, alteration of or damage to; or

2. A reduction in the functionality or operation of;

a computer system, hardware, program, software, data, information repository, microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the policyholder of the Company or not. This exclusion shall not apply to losses arising out of one or more of the following perils:

Fire, theft, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, flood, freeze or weight of snow.

R. Loss or liability excluded by the attached Communicable Disease Exclusion (Property Treaty Reinsurance).

S. Loss or liability excluded by the attached Cyber Loss Limited Exclusion Clause (Property Treaty Reinsurance) No. 1.

T. Any kind of looting, pillage, malicious damage and any kind of violence including but not limited to burglary, vandalism, any form of theft or robbery, attack to seize goods or property, breaking glass, windows and other structures, breaking into a room or other storage or space or any comparable activities if they occur in connection with a War and/or a Political Risk, which is also excluded under this Contract.

U. PFAS (Perfluorinated Compounds, Perfluoroalkyl and Polyfluoroalkyl Substances), per the attached PFAS (Perfluorinated Compounds, Perfluoroalkyl and Polyfluoroalkyl Substances) Absolute Exclusion.

ARTICLE 9

SPECIAL ACCEPTANCE

Business that is not within the scope of this Contract may be submitted to Hannover Rück SE (the "Lead Reinsurer") for special acceptance hereunder, and such business, if accepted by the Lead Reinsurer shall be covered hereunder, subject to the terms and conditions of this Contract, except as modified by the special acceptance. Any special acceptance agreed to by the Lead Reinsurer shall be binding on all Subscribing Reinsurers hereon. The Lead Reinsurer shall be deemed to have accepted a risk, if it has not responded within three business days after receiving the underwriting information on such risk. Any renewal of a special acceptance agreed to for a predecessor contract to this Contract shall automatically be covered hereunder.

ARTICLE 10

PREMIUM / REINSURER'S MARGIN

[***]

ARTICLE 11

CEDING COMMISSION

A. [***]

B. The provisional commission allowed the Company shall be adjusted in accordance with the provisions set forth herein as of the Adjustment Period.

C. The adjusted commission rate shall be calculated as follows and be applied to Premiums Earned:

1. [***];

2. [***];

3. [***];

4. [***].

D. "Adjustment Period" means 12 months from the effective date of this Contract and each subsequent quarter (3) month period shall be a separate Adjustment Period. However, if this Contract is terminated, the final Adjustment Period shall be from the beginning of the then current Adjustment Period through the date of termination if this Contract is terminated on a "cutoff" basis, or the end of the runoff period if this Contract is terminated on a "runoff" basis.

E. "Losses Incurred" means ceded losses and Loss Adjustment Expense paid as of the effective date of calculation, plus the ceded reserves for losses and Loss Adjustment Expense outstanding as of the same date.

F. "Premiums Earned" means ceded Net Subject Written Premium Income for Policies with effective or renewal dates during the Contract term, less the unearned portion thereof as of the effective date of calculation or, if this Contract is terminated on a "cutoff" basis, at the time of termination

ARTICLE 12

REPORTS AND REMITTANCES

A. Within 45 days following the end of each calendar quarter, the Company shall furnish to the Reinsurer a report with the following information:

1. Ceded unearned premium income as of the end of the quarter;

2. Ceded Net Subject Written Premium Income accounted for during the quarter;

3. The ceding commission allowed on subparagraph A.2. above;

4. The provisional Reinsurer's Margin of [***]% on subparagraph A.2. above;

5. Ceded losses paid during the quarter;

6. Subrogation, salvage or other recoveries received during the quarter on subject losses;

7. Ceded outstanding loss as of the end of the quarter,

8. Outstanding case and incurred but not reported as of the end of the quarter;

9. The Funds Withheld Account balance.

B. The Company shall remit to the Reinsurer the amount shown in subparagraph A.4. above with its report.

C. All remittances of loss payments shall be made first by reduction to the Funds Withheld Account balance until such time as such Funds Withheld Account balance is exhausted, such exhaustion to be a condition precedent to any other settlement of any loss by the Reinsurer under this Contract. Then, if any excess amount is due subsequent to the exhaustion of the Funds Withheld Account balance, the Reinsurer's share of such amounts shall be paid in cash to the Company by the Reinsurer on the Settlement Date that such payment is due.

D. Annually, the Company shall furnish to the Reinsurer any other information which the Reinsurer may require for its annual convention statement which is reasonably available to the Company; provided, however, that (i) the Company shall only be required to provide such information in its current format as held on the Company's information technology systems; (ii) the Reinsurer shall provide the Company with at least 45 days' advance written notice of such requirements; and (iii) that the provision of such information shall not be a condition precedent for the payment of any amount to the Company from the Reinsurer.

E. Should the amount recoverable under this Contract exceed $[***] as respects any one loss, or Loss Occurrence, the Company may give the Reinsurer notice of payment made or its intention to make payment on a certain date. If the company has paid the loss, payment shall be made by the Reinsurer within three (3) business days. If the Company intends to pay the loss by a certain date and has submitted a proof of loss or similar document, payment shall be due from the Reinsurer twenty-four (24) hours prior to that date, provided the Reinsurer has a period of fifteen (15) days after receipt of said notice to dispatch the payment. Cash loss amounts specifically remitted by the Reinsurer as set forth herein shall be credited to the next quarterly account.

F. It is further understood that the provisional Reinsurer's Margin of [***]% shall first be adjusted 12 months from the effective date of this Contract and each subsequent quarter (3) month period thereafter aligning to the provisions of Article 11. Should the adjusted commission rate as calculated in Article 11 paragraphs C and D differ from the maximum and provisional [***]% ceding commission, then the Reinsurer's Margin, shall be reduced to equal [***]% less the adjusted commission rate less the ratio of Losses Incurred to Premiums Earned, as of the Adjustment Period.

ARTICLE 13

FUNDS WITHHELD ACCOUNT

A. Subject to the terms hereof, the Company shall retain the reinsurance premium on a funds withheld basis, provided that the Reinsurer's Margin shall be paid to the Reinsurer in cash when due.

B. The Funds Withheld Account balance for each calendar quarter shall be calculated on the Settlement Date for that calendar quarter and shall be equal to:

1. The unearned premium and Net Subject Written Premium Income ceded during the term of this Contract; less

2. The ceding commission as allowed in the Ceding Commission Article; less

3. [***]; less

4. The cumulative ceded paid loss, Loss Adjustment Expense, Extra Contractual Obligations and Loss in Excess of Policy Limits;

C. In the event this Contract expires on a cut-off basis, the Funds Withheld Account shall be adjusted to reflect the earned premium ceded under this Contract.

ARTICLE 14

DEFINITIONS

A. "Loss Adjustment Expense" means costs and expenses incurred by the Company in connection with the investigation, appraisal, adjustment, settlement, litigation, defense or appeal of a specific claim or loss, or alleged loss, including but not limited to:

1. court costs;

2. costs of supersedeas and appeal bonds;

3. monitoring counsel expenses;

4. legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto, including but not limited to declaratory judgment actions;

5. post-judgment interest;

6. pre-judgment interest, unless included as part of an award or judgment;

7. a pro rata share of salaries and expenses of Company employees, calculated in accordance with the time occupied in adjusting such loss, and expenses of other

Company employees who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract; and

8. subrogation, salvage and recovery expenses.

"Loss Adjustment Expense" does not include salaries and expenses of the Company's employees, except as provided in subparagraph A.7. above, and office and other overhead expenses.

B. "Net Subject Written Premium Income" means gross written premium of the Company for the classes of business reinsured hereunder, less written portion of premiums ceded by the Company for reinsurance that inures to the benefit of this Contract.

C. "Policy" means any binder, policy, or contract of insurance or reinsurance issued, accepted or held covered provisionally or otherwise, by or on behalf of the Company.

D. 1. "Loss Occurrence" means the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event. However, the duration and extent of any one "Loss Occurrence" shall be limited to all individual losses sustained by the Company occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term "Loss Occurrence" shall be further defined as follows:

a. As regards any "Named Storm," all individual losses sustained by the Company arising out of and directly occasioned by such "Named Storm," without regard to the limitations of duration and extent set forth above. "Named Storm" means any storm or storm system declared by the US National Hurricane Center, US Central Pacific Hurricane Center, US Weather Prediction Center, or their successor organizations, all being divisions of the US National Weather Service to be a tropical storm or hurricane, and any successors thereof. A storm or storm system that merges with a "Named Storm" shall be considered part of that "Named Storm," once it has merged. A "Named Storm" shall be deemed to begin at the effective time and date of the first watch, warning or other official advisory applicable to such tropical storm, or hurricane, issued by the above referenced governmental meteorological agencies. A "Named Storm" shall be deemed to end 72 hours after the cancellation of the last watch, warning or other official advisory applicable to such tropical storm, hurricane or successor, issued by the above referenced governmental meteorological agencies irrespective of the duration of the timing or spacing between such watches, warnings or other official advisories. If two or more storms are assigned different names by the above-referenced governmental meteorological agencies, each of those storms shall constitute a separate event for purposes of this definition.

b. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage other than "Named Storm", all individual losses

sustained by the Company occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event.

c. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Company occurring during any period of 72 consecutive hours arising out of and directly occasioned by the same event. The maximum duration of 72 consecutive hours may be extended in respect of individual losses which occur beyond such 72 consecutive hours during the continued occupation of an assured's premises by strikers, provided such occupation commenced during the aforesaid period.

d. As regards earthquake and fire following directly occasioned by the earthquake, those earthquake losses and individual fire losses that commence during the period of 168 consecutive hours may be included in the Company's "Loss Occurrence."

e. As regards "freeze," only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by the freezing and/or melting of ice, snow or sleet, or bursting frozen pipes and tanks, but not water damage caused by flood or surface water) may be included in the Company's "Loss Occurrence."

f. As regards firestorms, brush fires and any other fires, irrespective of origin (except as provided in subparagraphs D.1.b. and D.1.c. above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Company which occur during any period of 168 consecutive hours within a 150-mile radius of any fixed point selected by the Company may be included in the Company's "Loss Occurrence." However, an individual loss subject to this subparagraph cannot be included in more than one "Loss Occurrence."

2. The Company may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss.

3. Only one period of consecutive hours shall apply with respect to one event, except that, as respects those "Loss Occurrences" referred to in subparagraph D.1.c. above, if the disaster, accident or loss occasioned by the event is of greater duration than 72 consecutive hours, then the Company may divide that disaster, accident or loss into two or more "Loss Occurrences" provided no two periods overlap and no individual loss is included in more than one such period and provided that no period commences earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss.

4. Losses arising from a combination of two or more perils as a result of the same event shall be considered as having arisen from one "Loss Occurrence." Notwithstanding the

foregoing, the hourly limitations as stated above shall not be exceeded as respects the applicable perils, and no single "Loss Occurrence" shall encompass a time period greater than 168 consecutive hours.

E. "Settlement Date" for purposes of this Contract shall be the first business day on or after the 45th day after the end of each quarter.

F. "Reinsurer's Margin" is defined to mean the amount of cash remittance made to the Reinsurer in each quarterly settlement, which is not payable in addition to any amount otherwise payable to the Reinsurer. The Reinsurer's Margin shall be allowed as described in the Premium/ Reinsurer's Margin Article subject to adjustment in accordance with the Reports and Remittances Article and paid to the Reinsurer as described in the Funds Withheld Account Article. For avoidance of doubt, the Reinsurer's Margin is not an explicit fee or guaranteed profit to the Reinsurer.

ARTICLE 15

EXTRA CONTRACTUAL OBLIGATIONS/EXCESS OF POLICY LIMITS

A. This Contract shall cover Extra Contractual Obligations, as provided in the Cover Article. "Extra Contractual Obligations" shall be defined as those liabilities not covered under any other provision of this Contract and that arise from the handling of any claim on business covered hereunder, such liabilities arising because of, but not limited to, the following: failure by the Company to settle within the Policy limit, or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such action.

B. This Contract shall cover Loss in Excess of Policy Limits, as provided in the Cover Article. "Loss in Excess of Policy Limits" shall be defined as Loss in excess of the Policy limit, having been incurred because of, but not limited to, failure by the Company to settle within the Policy limit or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such action.

C. An Extra Contractual Obligation and/or Loss in Excess of Policy Limits shall be deemed to have occurred on the same date as the loss covered under the Company's Policy, and shall constitute part of the original loss.

D. For the purposes of the Loss in Excess of Policy Limits coverage hereunder, the word "Loss" shall mean any amounts for which the Company would have been contractually liable to pay had it not been for the limit of the original Policy.

E. Loss Adjustment Expense in respect of Extra Contractual Obligations and/or Loss in Excess of Policy Limits shall be covered hereunder in the same manner as other Loss Adjustment Expense.

F. However, this Article shall not apply where the loss has been incurred due to final legal adjudication of fraud of a member of the Board of Directors or a corporate officer of the Company acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

G. In no event shall coverage be provided to the extent not permitted under New York State law.

ARTICLE 16

NET RETAINED LIABILITY

Recoveries under all reinsurance contracts of the Company, whether collected or not, shall inure to the full benefit of this cover. All reinsurance contracts of the Company shall be deemed to be in place until all liability herein is finalized. Material change in inuring reinsurance is subject to mutual agreement by the Reinsurer and the Company.

ARTICLE 17

INURING REINSURANCE

Recoveries under all reinsurance contracts of the Company, whether collected or not, shall inure to the full benefit of this cover. All reinsurance contracts of the Company shall be deemed to be in place until all liability herein is finalized. Material change in inuring reinsurance is subject to mutual agreement by the Reinsurer and the Company; however, this provision shall not apply to any inuring catastrophe reinsurance as purchased by the Company. Notwithstanding the foregoing, it is hereby recognized that the Company's inuring Property Catastrophe Excess of Loss Reinsurance Agreement, effective 12:01 a.m., Standard Time, July 1, 2024 through 12:01 a.m., Standard Time, July 1, 2025, shall inure to the sole benefit of the Company on a losses occurring basis.

ARTICLE 18

ORIGINAL CONDITIONS

All reinsurance under this Contract shall be subject to the same terms, conditions, waivers and interpretations, and to the same modifications and alterations as the respective Policies of the Company. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.

ARTICLE 19

NO THIRD PARTY RIGHTS

This Contract is solely between the Company and the Reinsurer, and in no instance shall any insured, claimant or other third party have any rights under this Contract except as may be expressly provided otherwise herein.

ARTICLE 20

LOSS SETTLEMENTS

A. The Company alone and at its full discretion shall adjust, settle or compromise all claims and losses.

B. As respects losses subject to this Contract, all loss settlements made by the Company, whether under strict Policy terms or by way of compromise, and any Extra Contractual Obligations and/or Loss in Excess of Policy Limits, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay or allow, as the case may be, its share of each such settlement in accordance with this Contract.

C. Notwithstanding the above, individual ex-gratia loss payments greater than $25,000 require prior approval from the Reinsurer.

ARTICLE 21

COMMUTATION

[***]

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ARTICLE 22

SALVAGE AND SUBROGATION

A. Salvages and all recoveries (including amounts due from all reinsurances that inure to the benefit of this Contract, whether recovered or not), shall be first deducted from any loss to arrive at the amount of liability attaching hereunder.

B. All salvages, recoveries or payments recovered or received subsequent to loss settlement hereunder shall be applied as if recovered or received prior to the aforesaid settlement, and all necessary adjustments shall be made by the parties hereto.

ARTICLE 23

CURRENCY

A. Where the word "Dollars" and/or the sign "$" appear in this Contract, they shall mean United States Dollars, and all payments hereunder shall be in United States Dollars.

B. For purposes of this Contract, where the Company receives premiums or pays losses in currencies other than United States Dollars, such premiums or losses shall be converted into United States Dollars at the actual rates of exchange at which these premiums or losses are entered in the Company's books.

ARTICLE 24

UNAUTHORIZED REINSURANCE

A. This Article applies:

1. only to the extent a Subscribing Reinsurer does not qualify for credit with any insurance regulatory authority having jurisdiction over the Company's reserves, or

2. to a Subscribing Reinsurer qualified as a reciprocal jurisdiction reinsurer with any such insurance regulatory authority in the event such Subscribing Reinsurer resists enforcement of a final judgment that is enforceable under the law of the jurisdiction in which it was obtained or a properly enforceable arbitration or arbitral award obtained by the Company or any legal successor, in which case such Subscribing Reinsurer shall fund 100% of its share of the Reinsurer's Obligations as hereinafter provided.

B. The Company agrees, in respect of its Policies or bonds falling within the scope of this Contract, that when it files with its insurance regulatory authority, or sets up on its books liabilities as required by law, it shall forward to the Reinsurer a statement showing the proportion of such liabilities applicable to the Reinsurer. The "Reinsurer's Obligations" shall be defined as follows:

1. unearned premium (if applicable);

2. known outstanding losses that have been reported to the Reinsurer and Loss Adjustment Expense relating thereto;

3. losses and Loss Adjustment Expense paid by the Company but not recovered from the Reinsurer;

4. losses incurred but not reported and Loss Adjustment Expense relating thereto;

5. all other amounts for which the Company cannot take credit on its financial statements unless funding is provided by the Reinsurer.

C. The Reinsurer's Obligations shall be funded by funds withheld, cash advances, Trust Agreement or a Letter of Credit (LOC). The Reinsurer shall have the option of determining the method of funding provided it is acceptable to the Company and insurance regulatory authorities having jurisdiction over the Company's reserves.

D. When funding by Trust Agreement, the Reinsurer shall ensure that the Trust Agreement complies with the provisions of the "Trust Agreement Requirements Clause" attached hereto. When funding by an LOC, the Reinsurer agrees to apply for and secure timely delivery to the Company of a clean, irrevocable and unconditional LOC issued by a bank and containing provisions acceptable to the insurance regulatory authorities having jurisdiction over the Company's reserves in an amount equal to the Reinsurer's Obligations. Such LOC shall be issued for a period of not less than one year, and shall be automatically extended for one year from its date of expiration or any future expiration date unless 30 days (or such other time period as may be required by insurance regulatory authorities), prior to any expiration date the issuing bank shall notify the Company by certified or registered mail that the issuing bank elects not to consider the LOC extended for any additional period.

E. The Reinsurer and the Company agree that any funding provided by the Reinsurer pursuant to the provisions of this Contract may be drawn upon at any time, notwithstanding any other provision of this Contract, and be utilized by the Company or any successor, by operation of law, of the Company including, without limitation, any liquidator, rehabilitator, receiver or conservator of the Company, for the following purposes, unless otherwise provided for in a separate Trust Agreement:

1. to reimburse the Company for the Reinsurer's Obligations, the payment of which is due under the terms of this Contract and that has not been otherwise paid;

2. to make refund of any sum that is in excess of the actual amount required to pay the Reinsurer's Obligations under this Contract (or in excess of 102% of the Reinsurer's Obligations, if funding is provided by a Trust Agreement);

3. to fund an account with the Company for the Reinsurer's Obligations. Such cash deposit shall be held in an interest bearing account separate from the Company's other assets, and interest thereon not in excess of the prime rate shall accrue to the benefit of the Reinsurer. Any taxes payable on accrued interest shall be paid out of the assets in the account that are in excess of the Reinsurer's Obligations (or in excess of 102% of the Reinsurer's Obligations, if funding is provided by a Trust Agreement). If the assets are inadequate to pay taxes, any taxes due shall be paid or reimbursed by the Reinsurer;

4. to pay the Reinsurer's share of any other amounts the Company claims are due under this Contract.

F. If the amount drawn by the Company is in excess of the actual amount required for paragraphs E.1. or E.3. above, or in the case of paragraph E.4. above, the actual amount determined to be due, the Company shall promptly return to the Reinsurer the excess amount

so drawn. All of the foregoing shall be applied without diminution because of insolvency on the part of the Company or the Reinsurer.

G. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company.

H. At annual intervals, or more frequently at the discretion of the Company, but never more frequently than quarterly, the Company shall prepare a specific statement of the Reinsurer's Obligations for the sole purpose of amending the LOC or other method of funding, in the following manner:

1. If the statement shows that the Reinsurer's Obligations exceed the balance of the LOC as of the statement date, the Reinsurer shall, within 30 days after receipt of the statement, secure delivery to the Company of an amendment to the LOC increasing the amount of credit by the amount of such difference. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, increase such funding by the amount of such difference.

2. If, however, the statement shows that the Reinsurer's Obligations are less than the balance of the LOC (or that 102% of the Reinsurer's Obligations are less than the trust account balance if funding is provided by a Trust Agreement), as of the statement date, the Company shall, within 30 days after receipt of written request from the Reinsurer, release such excess credit by agreeing to secure an amendment to the LOC reducing the amount of credit available by the amount of such excess credit. Should another method of funding be used, the Company shall, within the time period outlined above, decrease such funding by the amount of such excess.

ARTICLE 25

TAXES

A. In consideration of the terms under which this Contract is issued, the Company undertakes not to claim any deduction of the premium hereon when making Canadian tax returns or when making tax returns, other than Income or Profits Tax returns, to any state or territory of the United States of America or to the District of Columbia.

B. 1. Each Subscribing Reinsurer has agreed to allow, for the purpose of paying the Federal Excise Tax, the applicable percentage of the premium payable hereon (as imposed under the Internal Revenue Code) to the extent such premium is subject to Federal Excise Tax.

2. In the event of any return of premium becoming due hereunder, the Subscribing Reinsurer shall deduct the applicable percentage of the premium from the amount of

the return, and the Company or its agent should take steps to recover the Tax from the U.S. Government.

ARTICLE 26

ACCESS TO RECORDS

A. The Reinsurer or its duly authorized representatives shall have the right to visit the offices of the Company to inspect, examine, audit, and verify any of the policy, accounting or claim files ("Records") relating to business reinsured under this Contract during regular business hours after giving five working days' prior notice. This right shall be exercisable during the term of this Contract or after the expiration of this Contract. Notwithstanding the above, the Reinsurer shall not have any right of access to the Records of the Company if it is not current in all undisputed payments due the Company.

B. Notwithstanding the above, the Company reserves the right to withhold from the Reinsurer any Privileged Documents. However, the Company shall permit and not object to the Reinsurer's access to Privileged Documents in connection with the underlying claim reinsured hereunder following final settlement or final adjudication of the case or cases involving such claim, with prejudice against all claimants and all parties to such adjudications; the Company may defer release of such Privileged Documents if there are subrogation, contribution, or other third party actions with respect to that claim or case, and the Company's defense might be jeopardized by release of such Privileged Documents. In the event that the Company seeks to defer release of such Privileged Documents, it shall, in consultation with the Reinsurer, take other steps as reasonably necessary to provide the Reinsurer with the information it reasonably requires to indemnify the Company without causing a loss of such privileges or protections. The Reinsurer shall not have access to Privileged Documents relating to any dispute between the Company and the Reinsurer.

C. For purposes of this Article:

1. "Privileged Documents" means any documents that are Attorney-Client Privilege Documents and/or Work Product Privilege Documents.

2. "Attorney-Client Privilege Documents" means communications of a confidential nature between (a) the Company, or anyone retained by or at the direction of the Company, or its in-house or outside legal counsel, or anyone in the control of such legal counsel, and (b) any in-house or outside legal counsel, if such communications relate to legal advice being sought by the Company and/or contain legal advice being provided to the Company.

3. "Work Product Privilege Documents" means communications, written materials and tangible things prepared by or for in-house or outside counsel, or prepared by or for the Company, in anticipation of or in connection with litigation, arbitration, or other dispute resolution proceedings.

ARTICLE 27

CONFIDENTIALITY

A. The Reinsurer hereby acknowledges that the documents, information and data provided to it by the Company, whether directly or through an authorized agent, in connection with the placement and execution of this Contract ("Confidential Information") are proprietary and confidential to the Company. Confidential Information shall not include documents, information or data that the Reinsurer can show:

1. are publicly known or have become publicly known through no unauthorized act of the Reinsurer;

2. have been rightfully received from a third person without obligation of confidentiality; or

3. were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality; or

4. were independently developed by the Reinsurer without reliance on the information provided by the Company.

B. Absent the written consent of the Company, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies, except:

1. when required by retrocessionaires as respects business ceded to this Contract;

2. when required by regulators; or

3. when required by external auditors performing an audit of the Reinsurer's records or affiliates and subsidiaries, or any other professional advisors retained by the Reinsurer in the normal course of business.

Further, the Reinsurer agrees not to use any Confidential Information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract or its risk management (e.g. risks and data analysis, handling, accumulation control, monitoring and review of risks).

C. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the Confidential Information, the Reinsurer agrees to provide the Company with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Company in maintaining the confidentiality provided for in this Article.

D. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

E. This clause shall supersede all previous Non-Disclosure Agreements and/or Confidentiality Agreements between the parties on the confidentiality of information in connection with the business hereunder.

ARTICLE 28

DATA PROTECTION

A. The term "Data Protection Laws" used in this clause means the General Data Protection Regulation EU 2016/679 (GDPR) and any corresponding or equivalent national laws or regulations of the European Union (EU) or EU Member States that are applicable to the Parties' processing, privacy or use of Personal Data under this Contract.

B. The terms "Controller" (or data controller), "Personal Data," "Data Subjects," and "processing" used in this clause shall have the same meaning as those prescribed in the Data Protection Laws.

C. The Parties acknowledge and agree that they are acting as independent Controllers in respect of the Personal Data that they process under this Contract. Accordingly, the Parties shall comply with their respective obligations placed upon them as Controllers under the Data Protection Laws.

D. The Company confirms that it has the right to supply the reinsurer with all personal Data as required by this Contract and that it has provided the Data Subjects with all relevant information regarding the processing of their personal Data by the Reinsurer. Further the Company confirms that it has obtained and undertakes that it will obtain on a continuing basis all necessary consents from Data Subjects and that it has complied with all necessary requirements (i) to transfer Personal Data to the Reinsurer and (ii) to permit the Reinsurer to process all Personal Data, including the transfer to agents, subcontractors and retrocessionaires of the Reinsurer.

E. The Company acknowledges and agrees that the Reinsurer in particular may use, store and process Personal Data to perform its obligations under this Contract, for risk or claims assessment, control of risk accumulation, accounting purposes, internal statistical purposes or other related purposes.

F. Each Party shall ensure that it has in place and maintains in place all appropriate technical and organizational measures against unauthorized or unlawful processing of Personal Data and against accidental loss or destruction of, or damage to, Personal Data, taking into account the nature of the Personal Data.

G. Each Party shall provide all reasonable assistance and cooperation to the other Party in order to fulfil their respective obligations under the Data Protection Laws in relation to the processing of Personal Data, particularly with regard to responding to requests or notices from Data Subjects that exercise their rights.

ARTICLE 29

INDEMNIFICATION AND ERRORS AND OMISSIONS

A. The Reinsurer is reinsuring, subject to the terms and conditions of this Contract, the obligations of the Company under any Policy. The Company shall be the sole judge as to:

1. what shall constitute a claim or loss covered under any Policy;

2. the Company's liability thereunder;

3. the amount or amounts that it shall be proper for the Company to pay thereunder.

B. The Reinsurer shall be bound by the judgment of the Company as to the obligation(s) and liability(ies) of the Company under any Policy.

C. Any inadvertent error, omission or delay in complying with the terms and conditions of this Contract shall not be held to relieve either party hereto from any liability that would attach to it hereunder if such error, omission or delay had not been made, provided such error, omission or delay is rectified immediately upon discovery.

ARTICLE 30

INSOLVENCY

A. If more than one reinsured company is referenced within the definition of "Company" in the Preamble to this Contract, this Article shall apply severally to each such company. Further, this Article and the laws of the domiciliary location shall apply in the event of the insolvency of any company covered hereunder. In the event of a conflict between any provision of this Article and the laws of the domiciliary location of any company covered hereunder, that domiciliary location's laws shall prevail.

B. In the event of the insolvency of the Company, this reinsurance (or the portion of any risk or obligation assumed by the Reinsurer, if required by applicable law) shall be payable directly to the Company, or to its liquidator, receiver, conservator or statutory successor, either: (1) on the basis of the liability of the Company, or (2) on the basis of claims filed and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Company or because the liquidator, receiver, conservator or statutory successor of the Company has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Company shall give written notice to the Reinsurer of the pendency of a claim against the Company indicating the Policy or bond reinsured, which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense or defenses that it may

deem available to the Company or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Company as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit that may accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

C. Where two or more reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this reinsurance Contract as though such expense had been incurred by the Company.

D. As to all reinsurance made, ceded, renewed or otherwise becoming effective under this Contract, the reinsurance shall be payable as set forth above by the Reinsurer to the Company or to its liquidator, receiver, conservator or statutory successor, (except as provided by Section 4118(a)(1)(A) of the New York Insurance Law, provided the conditions of 1114(c) of such law have been met, if New York law applies) or except (1) where the Contract specifically provides another payee in the event of the insolvency of the Company, or (2) where the Reinsurer, with the consent of the direct insured or insureds, has assumed such Policy obligations of the Company as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Company to such payees. Then, and in that event only, the Company, with the prior approval of the certificate of assumption on New York risks by the Superintendent of Financial Services of the State of New York, or with the prior approval of such other regulatory authority as may be applicable, is entirely released from its obligation and the Reinsurer shall pay any loss directly to payees under such Policy.

ARTICLE 31

ARBITRATION

A. Any dispute arising out of the interpretation, performance or breach of this Contract, including the formation or validity thereof, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration shall be in writing and sent certified or registered mail, return receipt requested.

B. One arbitrator shall be chosen by each party and the two arbitrators shall then choose an impartial third arbitrator who shall preside at the hearing. If either party fails to appoint its arbitrator within 30 days after being requested to do so by the other party, the latter, after 10 days' prior notice by certified or registered mail of its intention to do so, may appoint the second arbitrator.

C. If the two arbitrators do not agree on a third arbitrator within 30 days of their appointment, the third arbitrator shall be chosen in accordance with the procedures for selecting the third arbitrator in force on the date the arbitration is demanded, established by the AIDA Reinsurance and Insurance Arbitration Society – U.S. (ARIAS). The members of the

arbitration panel will be impartial, disinterested, and not currently representing any party participating in the arbitration, and will be current or former senior officers of insurance or reinsurance concerns, experienced in the line(s) of business that are the subject of this Contract or professional advisers serving within the industry. If a member of the panel dies, becomes disabled or is otherwise unwilling or unable to serve, a substitute shall be selected in the same manner as the departing member was chosen and the arbitration shall continue.

D. Within 30 days after all arbitrators have been appointed, the panel shall meet and determine timely periods for briefs, discovery procedures and schedules of hearings.

E. The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. Notwithstanding anything to the contrary in this Contract, the arbitrators may at their discretion, consider underwriting and placement information provided by the Company to the Reinsurer, as well as any correspondence exchanged by the parties that is related to this Contract. Unless the panel agrees otherwise, arbitration shall take place in New York, New York, but the venue may be changed when deemed by the panel to be in the best interest of the arbitration proceeding. Insofar as the arbitration panel looks to substantive law, it shall consider the law of the State of New York. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

F. The panel shall interpret this Contract as an honorable engagement rather than as merely a legal obligation and shall make its decision considering the custom and practice of the applicable insurance and reinsurance business as promptly as possible after the hearings. Judgment upon an award may be entered in any court having jurisdiction thereof.

G. Each party shall bear the expense of its own arbitrator and shall jointly and equally bear with the other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorneys' fees, to the extent permitted by law.

ARTICLE 32

SERVICE OF SUIT

A. This Article applies only to those Subscribing Reinsurers not domiciled in the United States of America, and/or not authorized in any state, territory and/or district of the United States of America where authorization is required by insurance regulatory authorities.

B. This Article shall not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.

C. In the event of the failure of the Reinsurer to perform its obligations hereunder, the Reinsurer, at the request of the Company, shall submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is selected, whether such court is the one originally chosen by the Company and accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, shall comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against the Reinsurer upon this Contract, shall abide by the final decision of such court or of any appellate court in the event of an appeal.

D. Service of process in such suit may be made upon Messrs. Mendes and Mount, 750 Seventh Avenue, New York, New York 10019-6829, or another party specifically designated in the applicable Interests and Liabilities Agreement attached hereto. The above-named are authorized and directed to accept service of process on behalf of the Reinsurer in any such suit.

E. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefor, the Reinsurer hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Contract, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

ARTICLE 33

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any location, such provision shall be considered void in such location, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 34

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation by the laws of the State of New York, exclusive of conflict of law rules. However, with respect to credit for reinsurance, the rules of all applicable states shall apply.

ARTICLE 35

ENTIRE AGREEMENT

This Contract sets forth all of the duties and obligations between the Company and the Reinsurer and supersedes any and all prior or contemporaneous written agreements with respect to matters referred to in this Contract. This Contract may only be modified or changed by an amendment in writing that shall be signed by both parties and submitted for approval to the Superintendent of the New York Department of Financial Services. However, this Article shall not be construed as limiting the admissibility of evidence regarding the formation, interpretation, purpose or intent of this Contract.

ARTICLE 36

OFFSET

The Company and the Reinsurer may offset any balance or amount due from one party to the other under this Contract, whether acting as assuming reinsurer or ceding company. This provision shall not be affected by the insolvency of either party to this Contract.

ARTICLE 37

ADDITIONAL COSTS

Any additional costs and any additional taxes related to this Agreement shall be borne by the Company. Notwithstanding the foregoing, the Company shall not be responsible for paying any Federal Excise Tax as payable by the Reinsurer.

ARTICLE 38

NON-WAIVER

The failure of the Company or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights contained in this Contract nor prevent either party from thereafter demanding full and complete compliance nor prevent either party from exercising such remedy in the future.

ARTICLE 39

AGENCY AGREEMENT

For purposes of sending and receiving notices and payments required by this Contract, Lemonade Insurance Company shall be deemed the agent of all other reinsured companies referenced in this

Contract. In no event, however, shall any reinsured company be deemed the agent of another with respect to the terms of the Insolvency Article.

ARTICLE 40

INTERMEDIARY

Guy Carpenter & Company, LLC, is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including notices, statements, premiums, return premiums, commissions, taxes, losses, Loss Adjustment Expenses, salvages, and loss settlements) relating thereto shall be transmitted to the Company or the Reinsurer through the Intermediary. Payments by the Company to the Intermediary shall be deemed payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed payment to the Company only to the extent that such payments are actually received by the Company.

ARTICLE 41

MODE OF EXECUTION

A. This Contract may be executed by:

1. an original written ink signature of paper documents;

2. an exchange of facsimile copies showing the original written ink signature of paper documents;

3. electronic signature technology employing computer software and a digital signature or digitizer pen pad to capture a person's handwritten signature in such a manner that the signature is unique to the person signing, is under the sole control of the person signing, is capable of verification to authenticate the signature and is linked to the document signed in such a manner that if the data is changed, such signature is invalidated.

B. The use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this Contract. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

IN WITNESS WHEREOF, the Company has caused this Contract to be executed by its duly authorized representative(s), who also confirms the Company's review of and agreement to be bound by the terms and conditions of the Interests and Liabilities Agreements attached to and forming part of this Contract,

Signed in _____ this _____day of _____, in the year of 20____.

LEMONADE INSURANCE COMPANY

By: _____ Title: President/CEO

and signed in _____ this _____day of _____, in the year of 20____.

LEMONADE INSURANCE N.V.

By: _____ Title: _____

and signed in _____ this _____day of _____, in the year of 20____.

METROMILE INSURANCE COMPANY

By: _____ Title: _____

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT

NUCLEAR INCIDENT EXCLUSION CLAUSE - PHYSICAL DAMAGE - REINSURANCE - U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reassured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and "critical facilities" as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of "special nuclear material", and for reprocessing, salvaging, chemically separating, storing or disposing of "spent" nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reassured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reassured to be the primary hazard.

6. The term "special nuclear material" shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.

7. Reassured to be sole judge of what constitutes:

   (a) substantial quantities, and

   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

   (a) all policies issued by the Reassured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

   (b) with respect to any risk located in Canada policies issued by the Reassured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

12/12/57
NMA 1119

NOTES: Wherever used herein the terms:

"Reassured" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

NUCLEAR INCIDENT EXCLUSION CLAUSE - LIABILITY - REINSURANCE - U.S.A.

(1) This reinsurance does not cover any loss or liability accruing to the Reassured as a member of, or subscriber to, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such member, subscriber or association.

(2) Without in any way restricting the operation of paragraph (1) of this Clause it is understood and agreed that for all purposes of this reinsurance all the original policies of the Reassured (new, renewal and replacement) of the classes specified in Clause II of this paragraph (2) from the time specified in Clause III in this paragraph (2) shall be deemed to include the following provision (specified as the Limited Exclusion Provision):

Limited Exclusion Provision.*

I. It is agreed that the policy does not apply under any liability coverage, to

injury, sickness, disease, death or destruction

bodily injury or property damage

with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability.

II. Family Automobile Policies (liability only), Special Automobile Policies (private passenger automobiles, liability only), Farmers Comprehensive Personal Liability Policies (liability only), Comprehensive Personal Liability Policies (liability only) or policies of a similar nature; and the liability portion of combination forms related to the four classes of policies stated above, such as the Comprehensive Dwelling Policy and the applicable types of Homeowners Policies.

III. The inception dates and thereafter of all original policies as described in II above, whether new, renewal or replacement, being policies which either

(a) become effective on or after 1st May, 1960, or

(b) become effective before that date and contain the Limited Exclusion Provision set out above;

provided this paragraph (2) shall not be applicable to Family Automobile Policies, Special Automobile Policies, or policies or combination policies of a similar nature, issued by the Reassured on New York risks, until 90 days following approval of the Limited Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(3) Except for those classes of policies specified in Clause II of paragraph (2) and without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that for all purposes of this reinsurance the original liability policies of the Reassured (new, renewal and replacement) affording the following coverages:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability)

shall be deemed to include, with respect to such coverages, from the time specified in Clause V of this paragraph (3), the following provision (specified as the Broad Exclusion Provision):

Broad Exclusion Provision.*

It is agreed that the policy does not apply:

I. Under any Liability Coverage, to

injury, sickness, disease, death or destruction

bodily injury or property damage

(a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to

immediate medical or surgical relief

first aid,

to expenses incurred with respect to

bodily injury, sickness, disease or death

bodily injury

resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage, to

injury, sickness, disease, death or destruction

bodily injury or property damage

resulting from the hazardous properties of nuclear material, if

(a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;

(b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(c) the

injury, sickness, disease, death or destruction

bodily injury or property damage

arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to

injury to or destruction of property at such nuclear facility.

property damage to such nuclear facility and any property thereat.

IV. As used in this endorsement:

"**hazardous properties**" include radioactive, toxic or explosive properties; "**nuclear material**" means source material, special nuclear material or byproduct material; "**source material**", "**special nuclear material**", and "**byproduct material**" have the

meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; "**spent fuel**" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "**waste**" means any waste material (1) containing byproduct material other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content and (2) resulting from the operation by any person or organization of any nuclear facility included under the first two paragraphs of the definition of nuclear facility; "**nuclear facility**" means

(a) any nuclear reactor,

(b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,

(c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "**nuclear reactor**" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

With respect to injury to or destruction of property, the word "injury" or "destruction" includes all forms of radioactive contamination of property. "property damage" includes all forms of radioactive contamination of property.

V. The inception dates and thereafter of all original policies affording coverages specified in this paragraph (3), whether new, renewal or replacement, being policies which become effective on or after 1st May, 1960, provided this paragraph (3) shall not be applicable to

(i) Garage and Automobile Policies issued by the Reassured on New York risks, or

(ii) statutory liability insurance required under Chapter 90, General Laws of Massachusetts,

until 90 days following approval of the Broad Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(4) Without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that paragraphs (2) and (3) above are not applicable to original liability policies of the Reassured in Canada and that with respect to such policies this Clause shall be deemed to include the Nuclear Energy Liability Exclusion Provisions adopted by the Canadian Underwriters' Association or the Independent Insurance Conference of Canada.

***NOTE. The words printed in italics in the Limited Exclusion Provision and in the Broad Exclusion Provision shall apply only in relation to original liability policies which include a Limited Exclusion Provision or a Broad Exclusion Provision containing those words.**

NOTES: Wherever used herein the terms:

"Reassured" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

21/9/67
NMA 1590 (amended)

NUCLEAR ENERGY RISKS EXCLUSION CLAUSE (REINSURANCE) (1994)
(WORLDWIDE EXCLUDING U.S.A. AND CANADA)

This Agreement shall exclude Nuclear Energy Risks whether such risks are written directly and/or by way of reinsurance and/or via Pools and/or Associations.

For all purposes of this Agreement Nuclear Energy Risks shall mean all first party and/or third party insurances or reinsurances (other than Workers' Compensation and Employers' Liability) in respect of:

(I) All Property on the site of a nuclear power station.

Nuclear Reactors, reactor buildings and plant and equipment therein on any site other than a nuclear power station.

(II) All Property, on any site (including but not limited to the sites referred to in (I) above) used or having been used for:

(a) the generation of nuclear energy; or

(b) the Production, Use or Storage of Nuclear Material.

(III) Any other Property eligible for insurance by the relevant local Nuclear Insurance Pool and/or Association but only to the extent of the requirements of that local Pool and/or Association.

(IV) The supply of goods and services to any of the sites, described in (I) to (III) above, unless such insurances or reinsurances shall exclude the perils of irradiation and contamination by Nuclear Material.

Except as undernoted, Nuclear Energy Risks shall not include:

(i) Any insurance or reinsurance in respect of the construction or erection or installation or replacement or repair or maintenance or decommissioning of Property as described in (I) to (III) above (including contractors' plant and equipment);

(ii) Any Machinery Breakdown or other Engineering insurance or reinsurance not coming within the scope of (i) above.

Provided always that such insurance or reinsurance shall exclude the perils of irradiation and contamination by Nuclear Material.

However, the above exemption shall not extend to:

(1) The provision of any insurance or reinsurance whatsoever in respect of:

(a) Nuclear Material;

(b) Any Property in the High Radioactivity Zone or Area of any Nuclear Installation as from the introduction of Nuclear Material or - for reactor installations - as from fuel loading or first criticality where so agreed with the relevant local Nuclear Insurance Pool and/or Association.

(2) The provision of any insurance or reinsurance for the undernoted perils:

- fire, lightning, explosion;
- earthquake;
- aircraft and other aerial devices or
- articles dropped therefrom;
- irradiation and radioactive contamination;
- any other peril insured by the relevant local Nuclear Insurance Pool and/or Association;

in respect of any other Property not specified in (1) above which directly involves the Production, Use or Storage of Nuclear Material as from the introduction of Nuclear Material into such Property.

Definitions

"Nuclear Material" means:

(i) Nuclear fuel, other than natural uranium and depleted uranium, capable of producing energy by a self-sustaining chain process of nuclear fission outside a Nuclear Reactor, either alone or in combination with some other material; and

(ii) Radioactive Products or Waste.

"Radioactive Products or Waste" means any radioactive material produced in, or any material made radioactive by exposure to the radiation incidental to the production or utilization of nuclear fuel, but does not include radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial or industrial purpose.

"Nuclear Installation" means:

(i) Any Nuclear Reactor;

(ii) Any factory using nuclear fuel for the production of Nuclear Material, or any factory for the processing of Nuclear Material, including any factory for the reprocessing of irradiated nuclear fuel; and

(iii) Any facility where Nuclear Material is stored, other than storage incidental to the carriage of such material.

"Nuclear Reactor" means any structure containing nuclear fuel in such an arrangement that a self-sustaining chain process of nuclear fission can occur therein without an additional source of neutrons.

"Production, Use or Storage of Nuclear Material" means the production, manufacture, enrichment, conditioning, processing, reprocessing, use, storage, handling and disposal of Nuclear Material.

"Property" shall mean all land, buildings, structures, plant, equipment, vehicles, contents (including but not limited to liquids and gases) and all materials of whatever description whether fixed or not.

"High Radioactivity Zone or Area" means:

(i) For nuclear power stations and Nuclear Reactors, the vessel or structure which immediately contains the core (including its supports and shrouding) and all the contents thereof, the fuel elements, the control rods and the irradiated fuel store; and

(ii) For non-reactor Nuclear Installations, any area where the level of radioactivity requires the provision of a biological shield.

N.M.A. 1975(a)
April 1, 1994

NOTES: Wherever used herein the terms:

"Reinsured" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

TRUST AGREEMENT REQUIREMENTS CLAUSE

A. Except as provided in paragraph B of this Clause, if the Reinsurer satisfies its funding obligations under the Unauthorized Reinsurance Article by providing a Trust Agreement, the Reinsurer shall ensure that the Trust Agreement:

1. Requires the Reinsurer to establish a trust account for the benefit of the Company, and specifies what the Trust Agreement is to cover;

2. Stipulates that assets deposited in the trust account shall be valued according to their current fair market value and shall consist only of cash (United States legal tender), certificates of deposit (issued by a United States bank and payable in United States legal tender), and investments of the types permitted by the regulatory authorities having jurisdiction over the Company's reserves, or any combination of the three, provided that the investments are issued by an institution that is not the parent, subsidiary or affiliate of either the Reinsurer or the Company;

3. Requires the Reinsurer, prior to depositing assets with the trustee, to execute assignments or endorsements in blank, or to transfer legal title to the trustee of all shares, obligations or any other assets requiring assignments, in order that the Company, or the trustee upon the direction of the Company, may whenever necessary negotiate these assets without consent or signature from the Reinsurer or any other entity;

4. Requires that all settlements of account between the Company and the Reinsurer be made in cash or its equivalent; and

5. Provides that assets in the trust account shall be withdrawn only as permitted in this Contract, without diminution because of the insolvency of the Company or the Reinsurer.

B. If a ceding insurer is domiciled in California and the Reinsurer satisfies its funding obligations under the Unauthorized Reinsurance Article by providing a Trust Agreement, the Reinsurer shall ensure that the Trust Agreement:

1. Provides that assets deposited in the trust account shall be valued according to their current fair market value and shall consist only of cash in United States dollars, certificates of deposit issued by a United States financial institution as defined in California Insurance Code Section 922.7(a) and payable in United States dollars, and investments permitted by the California Insurance Code, or any combination of the above.

2. Provides that investments in or issued by an entity controlling, controlled by or under common control with either the grantor or the beneficiary of the trust shall not exceed 5% of total investments.

3. Requires the Reinsurer, prior to depositing assets with the trustee, to execute assignments or endorsements in blank, or to transfer legal title to the trustee of all shares, obligations or any other assets requiring assignments, in order that the ceding insurer, or the trustee upon the direction of the ceding insurer, may, whenever necessary, negotiate these assets without consent or signature from the Reinsurer or any other entity.

4. Provides that assets in the trust account shall be withdrawn only as permitted in this Contract, without diminution because of the insolvency of the ceding insurer or the Reinsurer.

C. If there are multiple ceding insurers that collectively comprise the Company, "regulatory authorities" as referenced in subparagraph A(2) above, shall mean the individual ceding insurer's domestic regulator.

POOLS, ASSOCIATIONS & SYNDICATES EXCLUSION CLAUSE

Section A:

This Contract excludes:

a. All business derived directly or indirectly from any Pool, Association or Syndicate which maintains its own reinsurance facilities.

b. Any Pool or Scheme (whether voluntary or mandatory) formed after March 1, 1968 for the purpose of insuring property, whether on a country-wide basis or in respect of designated areas. This exclusion shall not apply to so-called Automobile Insurance Plans or other Pools formed to provide coverage for Automobile Physical Damage.

Section B:

1. This Contract excludes business written by the Company for the same perils, which is known at the time to be insured by, or in excess of underlying amounts placed in, any Pool, Association or Syndicate, whether by way of insurance or reinsurance, formed for the purpose of writing any of the following:

   Oil, Gas or Petro-Chemical Plants

   Oil or Gas Drilling Rigs and/or

   Aviation Risks

2. The exclusion under paragraph 1 of this Section B does not apply:

   a. Where the Total Insured Value over all interests of the risk in question is less than $250,000,000.

   b. To interests traditionally underwritten as Inland Marine and/or Stock and/or Contents written on a Blanket basis.

   c. To Contingent Business Interruption, except when the Company is aware that the key location is known at the time to be insured in any Pool, Association or Syndicate named above, other than as provided for under subparagraph (a).

NOTES: Wherever used herein the terms:

"Company" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

COMMUNICABLE DISEASE EXCLUSION (PROPERTY TREATY REINSURANCE)

1. Notwithstanding any provision to the contrary within this reinsurance agreement, this reinsurance agreement excludes any loss, damage, liability, claim, cost or expense of whatsoever nature, directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease regardless of any other cause or event contributing concurrently or in any other sequence thereto.

2. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

   2.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and

   2.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and

   2.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.

3. Notwithstanding the foregoing, losses directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with any one of the following perils: fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, flood, freeze or weight of snow, riot, riot attending a strike, civil commotion, vandalism and malicious mischief shall be covered.

LMA5394

As amended 27 March 2020

CYBER LOSS LIMITED EXCLUSION CLAUSE (PROPERTY TREATY REINSURANCE) NO. 1

1. Notwithstanding any provision to the contrary within this reinsurance agreement or any endorsement thereto, this reinsurance agreement excludes all loss, damage, liability, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with:

   1.1 any loss of, alteration of, or damage to or a reduction in the functionality, availability or operation of a Computer System, unless subject to the provisions of paragraph 2;

   1.2 any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data.

2. Subject to the other terms, conditions and exclusions contained in this reinsurance agreement, this reinsurance agreement will cover physical damage to property insured under the original policies

3. and any Time Element Loss directly resulting therefrom where such physical damage is directly occasioned by any of the following perils:

   fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, flood, freeze or weight of snow

Definitions

4. Computer System means any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility.

5. Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

Time Element Loss means business interruption, contingent business interruption or any other consequential losses.

PFAS (PERFLUORINATED COMPOUNDS, PERFLUOROALKYL AND POLYFLUOROALKYL SUBSTANCES) ABSOLUTE EXCLUSION

It is hereby understood and agreed that, notwithstanding any provision of this contract, or any policy reinsured by this contract, to the contrary, this contract excludes and shall not cover PFAS losses, as defined herein.

This contract does not apply to:

1) any bodily injury, property damage, personal and advertising injury loss, liability, damage, compensation, sickness, disease, death, medical payment, defence cost, cost, expense or any other amount directly or indirectly and regardless of any other cause contributing concurrently or in any sequence, originating from, caused by, arising out of, contributed to by, resulting from, or otherwise in connection with the actual, alleged, or threatened contaminative, pathogenic, toxic or other hazardous properties of PFAS; and

2) any and all losses, costs and expenses resulting from any claim, litigation, dispute, arbitration, investigation or any other legal proceeding or dispute resolution in whole or in part directly or indirectly caused by, arising out of, resulting from, based upon or in any way related to, any of the following conducts, included but not limited to:

a) Actual, alleged or threatened inhalation of, ingestion of, consumption of, contact with, exposure to, existence of or presence of PFAS containing products or materials; or

b) Design, manufacturing, production, use, sale, installation, placing on the market, removal, distribution, handling, packaging, storage, marketing, processing of or any other similar business-related activity relating to PFAS-containing products or materials; or

c) Testing for, monitoring, cleaning up, abating, removing, containing, treating, detoxifying, neutralizing, remediating, disposing of or in any way responding to, or assessing the effect(s) of PFAS-containing products or materials; or

d) Failure to report any PFAS-containing products or materials to authorities; or

e) Failure to warn of potential consequences arising from, or the inadequacy of any warning, relating to any of the conduct described in a) through d) above.

If the Reinsurer alleges that this exclusion applies to any claim under this reinsurance contract the burden of proving the contrary shall be upon the Reinsured.

Definition

As used herein “PFAS” means:

Perfluorinated Compounds, Perfluoroalkyl and Polyfluoroalkyl Substances in any form, including but not limited to:

a) any organic molecule, salt, free radical or ion, the composition of which includes at least one

i) perfluorinated methyl group (-CF3); or

ii) perfluorinated methylene group (-CF2-); or

b) any breakdown of any organic molecule, salt, free radical or ion, the composition thereof; or

c) any good, product or material that has the same or similar chemical formula or structure as such Perfluorinated Compounds, Perfluoroalkyl and Polyfluoroalkyl Substances; or

d) its presence or use in any alloy, by-product, compound or other material or waste that includes or is derived from such compounds or substances.

INTERESTS AND LIABILITIES AGREEMENT

(the "Agreement")

of

HANNOVER RÜCK SE

(the "Subscribing Reinsurer")

as respects the

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT
Effective: July 1, 2024

(the "Contract")

issued to and executed by

LEMONADE INSURANCE COMPANY
New York, New York

and

LEMONADE INSURANCE N.V.
Amsterdam, Netherlands

and

METROMILE INSURANCE COMPANY
Wilmington, Delaware

(collectively, the "Company")

The Subscribing Reinsurer's share in the interests and liabilities of the Reinsurer as set forth in the Contract shall be:

As respects all business except business classified by the Company as United Kingdom risks: [***]% share of 100.00%

As respects business classified by the Company as United Kingdom risks: [***]% share of 100.00%

The share of the Subscribing Reinsurer in the interests and liabilities of the Reinsurer in respect of the Contract shall be separate and apart from the shares of other subscribing reinsurers, if any, on the Contract. The interests and liabilities of the Subscribing Reinsurer shall not be joint with those of such other subscribing reinsurers and in no event shall the Subscribing Reinsurer participate in the interests and liabilities of such other subscribing reinsurers.

This Agreement shall become effective at 12:01 a.m., Standard Time, July 1, 2024 and shall be subject to the provisions of the Term Article and the Special Termination Article and all other terms and conditions of the Contract.

Premium and loss payments made to Guy Carpenter shall be deposited in a Premium and Loss Account in accordance with Section 32.3(a)(1) of Regulation 98 of the Department of Financial Services of the State of New York. The Subscribing Reinsurer consents to withdrawals from said account in accordance with Section 32.3(a)(3) of the Regulation, including interest and Federal Excise Tax.

Brokerage hereunder is [***]% on the ceded unearned premium as of the inception of the Contract and all Net Subject Written Premium Income (without duplication of ceded unearned premium) ceded to the Reinsurer.

IN WITNESS WHEREOF, the Subscribing Reinsurer has caused this Agreement to be executed by its duly authorized representative as follows:

on this _____ day of _____, in the year _____.

HANNOVER RÜCK SE

By: _____ Title: _____

Reference:

LEMONADE INSURANCE COMPANY

LEMONADE INSURANCE N.V.

METROMILE INSURANCE COMPANY

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT

[***] **Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10) because it is both not material and the type of information that the registrant treats as private or confidential.**

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT

issued to

LEMONADE INSURANCE COMPANY
New York, New York

and

LEMONADE INSURANCE N.V.
Amsterdam, Netherlands

and

METROMILE INSURANCE COMPANY
Wilmington, Delaware

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT

TABLE OF CONTENTS

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WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT
(the "Contract")

issued to

LEMONADE INSURANCE COMPANY
New York, New York

and

LEMONADE INSURANCE N.V.
Amsterdam, Netherlands

and

METROMILE INSURANCE COMPANY
Wilmington, Delaware

(collectively, the "Company")

by

THE SUBSCRIBING REINSURER(S) IDENTIFIED
IN THE INTERESTS AND LIABILITIES AGREEMENT(S)
ATTACHED TO AND FORMING PART OF THIS CONTRACT

(the "Reinsurer")

A. This Contract shall extend to cover all insurance companies that, subject to the non-disapproval of the Superintendent of the New York Department of Financial Services, may hereafter become affiliated with the Company to the extent and under the same conditions and limitations as would be provided by this Contract if such affiliated companies were made a party under this Contract, provided that notice be given to the Reinsurer of any such companies that may hereafter become affiliated with the Company as soon as practicable, with full particulars as to how such affiliation is likely to affect this Contract. In the event of either party maintaining that such affiliation calls for alteration in existing terms, and an agreement not being arrived at, then the business of such affiliated company is covered only for a period of forty-five days after notice by either party that they do not wish the company so affiliated to be covered.

B. Balances payable or recoverable by the Reinsurer or individually named reinsured company shall not serve to offset any balances payable or recoverable to or from any other individually named reinsured company party to this Contract. Reports and remittances made to the Reinsurer in accordance with the provisions of this Contract are to be in sufficient detail to identify both the Reinsurer's loss obligations due each individually named reinsured

company and each individually named reinsured company's premium remittance under the report.

C. Any limits, retentions and premiums due hereunder may be treated as applying to each individually named reinsured company in accordance with the allocation agreement between those companies.

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Company in respect of the liability that may accrue to the Company as a result of loss or losses under all Policies written or renewed by the Company during the term of this Contract and classified by the Company as personal property insurance, personal liability insurance, including but not limited to private passenger auto insurance, and pet insurance, subject to the terms and conditions herein contained.

ARTICLE 2

COVER

A. The Company shall cede, and the Reinsurer shall accept as reinsurance, a quota share of all business reinsured hereunder. The Reinsurer shall pay to the Company the Reinsurer's quota share of losses under the Policies, Loss Adjustment Expense, Extra Contractual Obligations, and Loss in Excess of Policy Limits covered under this Contract.

B. Notwithstanding the above, the Reinsurer's liability shall be subject to the following:

1. Losses (including Loss Adjustment Expense, Extra Contract Obligations, and Loss in Excess of Policy Limits) will not exceed $10,000,000 any one Loss Occurrence as respects all business covered hereunder.

2. A $750,000 limit for any one Property risk.

3. [***].

4. [***].

C. If one Loss Occurrence involves losses under Policies allocated to this Contract and to a successor contract, the Reinsurer's limit of liability this Contract and under the successor contract for the Loss Occurrence shall be reduced to the percentage thereof that the Company's loss under Policies allocated to each bears to the total of the Company's loss in respect of the same Loss Occurrence. The Company's retention under this Contract and the successor contract shall be reduced in the same manner.

ARTICLE 3

TERM

A. This Contract shall take effect at 12:01 a.m., Standard Time, July 1, 2024, and shall remain in effect until 12:01 a.m., Standard Time, July 1, 2025, in respect of losses occurring on Policies written or renewed during the term of this Contract. "Standard Time" shall be as defined in the Company's Policies.

B. At expiration or termination of this Contract, the Reinsurer shall remain liable for all Policies covered by this Contract that are in force at expiration, until the termination, expiration or renewal of such Policies, whichever occurs first, plus any extended reporting periods.

C. However, at expiration or termination of this Contract, the Company shall have the option to require a return of the ceded unearned premium, net of ceding commission, as of the date of expiration, on business in force at that date, in which event the Reinsurer shall be released from liability for losses occurring, or claims made as applicable, after expiration, except for claims made under extended reporting periods attaching to Policies that expired during the term of this Contract. For purposes of this Contract, premium for an extended reporting period shall be considered fully earned on the last day of the final period of the Policy to which the extended reporting period applies.

D. In the event this Contract expires or terminates on a run-off basis, the Reinsurer's liability hereunder shall continue if the Company is required by statute or regulation to continue coverage, until the earliest date on which the Company may cancel the Policy.

ARTICLE 4

SPECIAL TERMINATION

A. The Company may terminate a Subscribing Reinsurer's percentage share in this Contract at any time by giving written notice to the Subscribing Reinsurer in the event of any of the following circumstances:

   1. The Subscribing Reinsurer ceases underwriting operations.

   2. A state insurance department or other legal authority orders the Subscribing Reinsurer to cease writing business, or the Subscribing Reinsurer is placed under regulatory supervision.

   3. The Subscribing Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary), or there have been instituted against it proceedings for the appointment of a receiver, liquidator, rehabilitator, conservator, trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations.

4. The Subscribing Reinsurer's policyholders' surplus (or the equivalent under the Subscribing Reinsurer's accounting system) as reported in such financial statements of the Subscribing Reinsurer as designated by the Company, has been reduced by 20% of the amount thereof at any date during the prior 12-month period (including the period prior to the inception of this Contract).

5. The Subscribing Reinsurer has merged with or has become acquired or controlled by any company, corporation, or individual(s) not controlling the Subscribing Reinsurer's operations at the inception of this Contract.

6. The Subscribing Reinsurer has retroceded its entire liability under this Contract without the Company's prior written consent, except for retrocessions to members of the Subscribing Reinsurer's holding company group.

7. The Subscribing Reinsurer has been assigned an A.M. Best's rating of less than "A-" and/or an S&P rating of less than "BBB+." However, as respects Underwriting Members of Lloyd's, London, a Lloyd's Market Rating of less than "A-" by A.M. Best and/or less than "BBB+" by S&P shall apply.

B. Termination shall be effected on a run-off or cut-off basis at the option of the Company as outlined in the Term Article. The reinsurance premium due the Subscribing Reinsurer hereunder (including any minimum reinsurance premium) shall be prorated based on the period of the Subscribing Reinsurer's participation hereon, and the Subscribing Reinsurer shall immediately return any excess reinsurance premium received. Reinstatement premium, if any, shall be calculated based on the Subscribing Reinsurer's reinsurance premium earned during the period of the Subscribing Reinsurer's participation hereon.

C. Additionally, in the event of any of the circumstances listed in paragraph A. of this Article, the Company shall have the option to commute the Subscribing Reinsurer's liability for losses on Policies covered by this Contract. In the event the Company and the Subscribing Reinsurer cannot agree on the commutation amount, they shall appoint an actuary and/or appraiser to assess such amount and shall share equally any expense of the actuary and/or appraiser. If the Company and the Subscribing Reinsurer cannot agree on an actuary and/or appraiser, the Company and the Subscribing Reinsurer each shall nominate three individuals, of whom the other shall decline two, and the final appointment shall be made by drawing lots. Payment by the Subscribing Reinsurer of the amount of liability ascertained shall constitute a complete and final release of both parties in respect of liability arising from the Subscribing Reinsurer's participation under this Contract.

D. The Company's option to require commutation under paragraph C. above shall survive the termination or expiration of this Contract.

ARTICLE 5

TERRITORY

The territorial limits of this Contract shall be identical with those of the Company's Policies.

ARTICLE 6

TRADE AND ECONOMIC SANCTIONS

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

ARTICLE 7

EXCLUSIONS

This Contract shall not apply to and specifically excludes:

A. Losses excluded by the attached:

   1. Nuclear Incident Exclusion Clause – Physical Damage – Reinsurance – U.S.A.

   2. Nuclear Incident Exclusion Clause – Liability – Reinsurance – U.S.A.

   3. Nuclear Energy Risks Exclusion Clause (Reinsurance) (1994) (Worldwide Excluding U.S.A. and Canada).

B. Liability of the Company arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any Insolvency Fund. "Insolvency Fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, howsoever denominated, established or governed, that provides for any assessment of or payment or assumption by the Company of part or all of any claim, debt, charge, fee, or other obligation of an insurer, or its successors or assigns, that has been declared by any competent authority to be insolvent, or that is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

C. Loss or liability excluded by the attached Pools, Associations & Syndicates Exclusion Clause.

D. Any loss resulting from an "Act of Terrorism," as defined herein, when the loss directly or indirectly involves a release of biological, chemical, radiological or nuclear materials.

E. Any loss or damage which is occasioned by war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but not excluding loss or damage which would be covered under a standard Policy form containing a standard war exclusion clause.

F. Financial Guarantee and Insolvency.

G. All treaty reinsurance assumed by the Company, but not to exclude inter-company reinsurance and reinsurance of Policies issued by another carrier at the Company's request, underwritten and reinsured 100% by the Company.

H. Loss resulting from pollution, to the extent excluded under the Company's Policy involved in the loss.

I. The peril of Named Storm.

J. The perils of flood and earthquake when written on a stand-alone basis. For avoidance of doubt, this exclusion shall not apply to fire following earthquake.

K. Mold, as per the Company's Policies.

L. Aviation.

M. Fidelity and Surety.

N. Credit insurance.

O. Title insurance.

P. Any policy or policy endorsement written by the Company that is 100% reinsured to another company.

Q. As respect business classified by the Company as auto insurance:

Liability, including all loss, cost or expense associated with the following classes and/or activities and known to the Company at time of binding:

1. Motorcycles, motorized scooters, motorized bicycles, racing vehicles, all-terrain vehicles, and other off-the-road motorized vehicles.

2. Operation or use of police, fire, and emergency vehicles, including ambulances.

3. Vehicles which may be classified as "public vehicles." For purposes of this exclusion "public vehicles" shall be defined as vehicles which are defined as Public Auto's in the ISO Commercial Auto Manual, except for purposes of this exclusion such term shall be deemed not to include vehicles used as school or church buses.

4. Fleets of fifty or more vehicles at the inception of or last anniversary of the Company's Policy, whichever is later. This exclusion shall not apply to business derived from automobiles assigned risk plans (including JUAs), which meets the definition of the Cover and/or Exclusions Articles.

5. Any transportation, including hauling and/or handling of any "Hazardous Waste" and/or "Hazardous Materials," as these terms are defined or determined by the United States Environmental protection Agency ("EPA") and/or the applicable equivalent of a State EPA of the state in which the insured is insured or domiciled and/or the location of the loss. This exclusion shall not be interpreted to apply to a personal auto insured who may incidentally transport motor oil, petroleum, and/or gasoline products for personal use.

6. Vehicles used in or while practice or preparation for, a prearranged racing, speed exhibition or demolition contest.

7. Airport service vehicles.

8. Vehicles used on parts of airport premises to which the public does not have free vehicular access.

In the event the Company is inadvertently bound on any exclusion enumerated under this paragraph P, the reinsurance provided under this Contract shall apply until discovery by the Company of the existence of the inadvertent binding and for 30 days thereafter, and shall then cease unless, within the 30 day period, the Company has received from the Reinsurer written notice of its approval of such binding.

R. 1. Any loss, cost, or expense directly occasioned by or arising out of any strike, riot, civil commotion, vandalism and/or malicious mischief.

2. Subject to the other terms, conditions and exclusions contained in this Contract, this exclusion does not apply to any covered loss, cost or expense directly occasioned by or arising out of one or more of the perils otherwise covered under this Contract. For the avoidance of doubt, any such losses as described in this paragraph will not be diminished regardless of any other cause or event contributing concurrently or in any other sequence to a strike, riot, civil commotion and/or malicious mischief.

S. Notwithstanding anything to the contrary in this Contract, this Contract excludes any loss, damage, liability, cost or expense of whatsoever nature, directly or indirectly arising from or in respect of any:

1. entity domiciled, resident, located, incorporated, registered or established in an Excluded Territory;

2. property or asset located in an Excluded Territory

3. individual that is resident in or located in an Excluded Territory;

4. claim, action, suit or enforcement proceeding brought or maintained in an Excluded Territory; or

5. payment in an Excluded Territory.

This exclusion will not apply to any coverage or benefit required to be provided by the insurer by law or regulation applicable to that insurer, however, the terms of any sanctions clause will prevail. For purposes of this exclusion, "Excluded Territory" means

- Belarus (Republic of Belarus); and
- Russian Federation; and
- Ukraine (including the Crimean Peninsula and the Donetsk and Luhansk regions).

T. Loss or liability excluded by the attached Communicable Disease Exclusion (Property Treaty Reinsurance).

U. Loss or liability excluded by the attached Cyber Loss Limited Exclusion Clause (Property Treaty Reinsurance) No. 1.

ARTICLE 8

SPECIAL ACCEPTANCE

Business that is not within the scope of this Contract may be submitted to the Reinsurer for special acceptance hereunder, and such business, if accepted by the Reinsurer shall be covered hereunder, subject to the terms and conditions of this Contract, except as modified by the special acceptance. The Reinsurer shall be deemed to have accepted a risk, if it has not responded within three days after receiving the underwriting information on such risk. Any renewal of a special acceptance agreed to for a predecessor contract to this Contract shall automatically be covered hereunder.

ARTICLE 9

PREMIUM

A. The Company shall cede to the Reinsurer its exact share of the Gross Net Written Premium Income on all Policies written or renewed with effective dates on or after the inception of this Contract.

B. This Contract provides no guarantee of profit, directly or indirectly, from the Reinsurer to the Company or from the Company to the Reinsurer.

ARTICLE 10

CEDING COMMISSION

A. [***]

B. The provisional commission allowed the Company shall be adjusted in accordance with the provisions set forth herein as of the Adjustment Period.

C. The adjusted commission rate shall be calculated as follows and be applied to Premiums Earned:

[***]

D. "Adjustment Period" means 24 months from the effective date of this Contract and each subsequent quarter (3) month period shall be a separate Adjustment Period. However, if this Contract is terminated, the final Adjustment Period shall be from the beginning of the then current Adjustment Period through the date of termination if this Contract is terminated on a "cutoff" basis, or the end of the runoff period if this Contract is terminated on a "runoff" basis.

E. "Losses Incurred" means ceded losses and Loss Adjustment Expense paid as of the effective date of calculation, plus the ceded reserves for losses and Loss Adjustment Expense outstanding as of the same date.

F. "Premiums Earned" means ceded Net Subject Written Premium Income for Policies with effective or renewal dates during the Contract term, less the unearned portion thereof as of the effective date of calculation or, if this Contract is terminated on a "cutoff" basis, at the time of termination.

ARTICLE 11

REPORTS AND REMITTANCES

A. Within 45 days after the inception of this Contract, the Company shall report and pay to the Reinsurer the Reinsurer's quota share of the collected unearned premium for business in force at the inception of this Contract, less any ceding commission, as of the date of inception.

B. 1. Within 45 days following the end of each quarter, the Company shall furnish the Reinsurer with a report summarizing:

a. reinsurance premium on Gross Net Written Premium Income collected for during the quarter; less

b. the provisional ceding commission as provided for in the Ceding Commission Article; less

c. ceded loss and Loss Adjustment Expense paid during the quarter; plus

d. ceded subrogation, salvage, or other recoveries during the quarter; and

e. the net balance due either party.

2. The net balance shall be paid within fifteen (15) days after receipt of the report.

3. In addition, the Company shall furnish the Reinsurer with a quarterly statement showing the unearned premium reserves, and the reserves for outstanding losses including Loss Adjustment Expense. The Company shall also provide the Reinsurer with such other information as may be required by the Reinsurer for completion of its financial statements.

C. Should the amount recoverable under this Contract exceed $500,000 as respects any one loss, or Loss Occurrence, the Company may give the Reinsurer notice of payment made or its intention to make payment on a certain date. If the Company has paid the loss, payment shall be made by the Reinsurer immediately. If the Company intends to pay the loss by a certain date and has submitted a proof of loss or similar document, payment shall be due from the Reinsurer twenty-four (24) hours prior to that date, provided the Reinsurer has a period of fifteen (15) days after receipt of said notice to dispatch the payment. Cash loss amounts specifically remitted by the Reinsurer as set forth herein shall be credited to the next quarterly account.

ARTICLE 12

DEFINITIONS

A. "Loss Adjustment Expense" means costs and expenses incurred by the Company in connection with the investigation, appraisal, adjustment, settlement, litigation, defense or appeal of a specific claim or loss, or alleged loss, including but not limited to:

1. court costs;

2. costs of supersedeas and appeal bonds;

3. monitoring counsel expenses;

4. legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto, including but not limited to declaratory judgment actions;

5. post-judgment interest;

6. pre-judgment interest, unless included as part of an award or judgment;

7. a pro rata share of salaries and expenses of Company employees, calculated in accordance with the time occupied in adjusting such loss, and expenses of other

Company employees who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract; and

8. subrogation, salvage and recovery expenses.

"Loss Adjustment Expense" does not include salaries and expenses of the Company's employees, except as provided in subparagraph (7) above, and office and other overhead expenses.

B. "Gross Net Written Premium Income" means gross written premium of the Company for the classes of business reinsured hereunder, less written portion of premiums ceded by the Company for reinsurance that inures to the benefit of this Contract.

C. "Policy" means any binder, policy, or contract of insurance or reinsurance issued, accepted or held covered provisionally or otherwise, by or on behalf of the Company.

D. 1. "Loss Occurrence" means the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event that occurs within one geographic location. However, the duration and extent of any one "Loss Occurrence" shall be limited to all individual losses sustained by the Company occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term "Loss Occurrence" shall be further defined as follows:

a. As regards any "Named Storm," all individual losses sustained by the Company arising out of and directly occasioned by such "Named Storm," without regard to the limitations of duration and extent set forth above. "Named Storm" means any storm or storm system declared by the US National Hurricane Center, US Central Pacific Hurricane Center, US Weather Prediction Center, or their successor organizations, all being divisions of the US National Weather Service to be a tropical storm or hurricane, and any successors thereof. A storm or storm system that merges with a "Named Storm" shall be considered part of that "Named Storm," once it has merged. A "Named Storm" shall be deemed to begin at the effective time and date of the first watch, warning or other official advisory applicable to such tropical storm, or hurricane, issued by the above referenced governmental meteorological agencies. A "Named Storm" shall be deemed to end 72 hours after the cancellation of the last watch, warning or other official advisory applicable to such tropical storm, hurricane or successor, issued by the above referenced governmental meteorological agencies irrespective of the duration of the timing or spacing between such watches, warnings or other official advisories. If two or more storms are assigned different names by the above-referenced governmental meteorological agencies, each of those storms shall constitute a separate event for purposes of this definition.

b. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage other than "Named Storm", all individual losses sustained by the Company occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to the geographical confines referenced above.

c. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Company occurring during any period of 72 consecutive hours arising out of and directly occasioned by the same event. The maximum duration of 72 consecutive hours may be extended in respect of individual losses which occur beyond such 72 consecutive hours during the continued occupation of an assured's premises by strikers, provided such occupation commenced during the aforesaid period.

d. As regards earthquake (the epicenter of which need not necessarily be within the geographical confines referred to above) and fire following directly occasioned by the earthquake, those earthquake losses and individual fire losses that commence during the period of 168 consecutive hours may be included in the Company's "Loss Occurrence."

e. As regards "freeze," only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by the freezing and/or melting of ice, snow or sleet, or bursting frozen pipes and tanks, but not water damage caused by flood or surface water) may be included in the Company's "Loss Occurrence."

f. As regards firestorms, brush fires and any other fires, irrespective of origin (except as provided in subparagraphs c and d above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Company which occur during any period of 168 consecutive hours within a 150-mile radius of any fixed point selected by the Company may be included in the Company's "Loss Occurrence." Such fixed point must be the site of a loss covered hereunder. However, an individual loss subject to this subparagraph cannot be included in more than one "Loss Occurrence."

2. The Company may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss.

3. Only one period of consecutive hours shall apply with respect to one event, except that, as respects those "Loss Occurrences" referred to in subparagraph D.1.c. above, if the disaster, accident or loss occasioned by the event is of greater duration than 72 consecutive hours, then the Company may divide that disaster, accident or loss into two or more "Loss Occurrences" provided no two periods overlap and no individual loss is included in more than one such period and provided that no period commences earlier

than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss.

4. Losses arising from a combination of two or more perils as a result of the same event shall be considered as having arisen from one "Loss Occurrence." Notwithstanding the foregoing, the hourly limitations as stated above shall not be exceeded as respects the applicable perils, and no single "Loss Occurrence" shall encompass a time period greater than 168 consecutive hours.

ARTICLE 13

EXTRA CONTRACTUAL OBLIGATIONS/EXCESS OF POLICY LIMITS

A. This Contract shall cover Extra Contractual Obligations, as provided in the Cover Article. "Extra Contractual Obligations" shall be defined as those liabilities not covered under any other provision of this Contract and that arise from the handling of any claim on business covered hereunder, such liabilities arising because of, but not limited to, the following: failure by the Company to settle within the Policy limit, or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such action.

B. This Contract shall cover Loss in Excess of Policy Limits, as provided in the Cover Article. "Loss in Excess of Policy Limits" shall be defined as Loss in excess of the Policy limit, having been incurred because of, but not limited to, failure by the Company to settle within the Policy limit or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such action.

C. An Extra Contractual Obligation and/or Loss in Excess of Policy Limits shall be deemed to have occurred on the same date as the loss covered under the Company's Policy, and shall constitute part of the original loss.

D. For the purposes of the Loss in Excess of Policy Limits coverage hereunder, the word "Loss" shall mean any amounts for which the Company would have been contractually liable to pay had it not been for the limit of the original Policy.

E. Loss Adjustment Expense in respect of Extra Contractual Obligations and/or Loss in Excess of Policy Limits shall be covered hereunder in the same manner as other Loss Adjustment Expense.

F. However, this Article shall not apply where the loss has been incurred due to final legal adjudication of fraud of a member of the Board of Directors or a corporate officer of the Company acting individually or collectively or in collusion with any individual or

corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

G. In no event shall coverage be provided to the extent not permitted under New York State law.

ARTICLE 14

NET RETAINED LIABILITY

A. This Contract applies only to that portion of any loss that the Company retains net for its own account (prior to deduction of any reinsurance that inures solely to the benefit of the Company).

B. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Company to collect from any other reinsurer(s), whether specific or general, any amounts that may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

ARTICLE 15

INURING REINSURANCE

Recoveries under all reinsurance contracts of the Company, whether collected or not, shall inure to the full benefit of this cover. All reinsurance contracts of the Company shall be deemed to be in place until all liability herein is finalized. Material change in inuring reinsurance is subject to mutual agreement by the Reinsurer and the Company; however, this provision shall not apply to any inuring catastrophe reinsurance as purchased by the Company. Notwithstanding the foregoing, it is hereby recognized that the Company's inuring Property Catastrophe Excess of Loss Reinsurance Agreement, effective 12:01 a.m., Standard Time, July 1, 2024 through 12:01 a.m., Standard Time, July 1, 2025, shall inure to the sole benefit of the Company on a losses occurring basis.

ARTICLE 16

ORIGINAL CONDITIONS

All reinsurance under this Contract shall be subject to the same terms, conditions, waivers and interpretations, and to the same modifications and alterations as the respective Policies of the Company. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.

ARTICLE 17

NO THIRD PARTY RIGHTS

This Contract is solely between the Company and the Reinsurer, and in no instance shall any insured, claimant or other third party have any rights under this Contract except as may be expressly provided otherwise herein.

ARTICLE 18

LOSS SETTLEMENTS

A. The Company alone and at its full discretion shall adjust, settle or compromise all claims and losses.

B. As respects losses subject to this Contract, all loss settlements made by the Company, whether under strict Policy terms or by way of compromise, and any Extra Contractual Obligations and/or Loss in Excess of Policy Limits, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay or allow, as the case may be, its share of each such settlement in accordance with this Contract.

ARTICLE 19

SALVAGE AND SUBROGATION

A. Salvages and all recoveries (including amounts due from all reinsurances that inure to the benefit of this Contract, whether recovered or not), shall be first deducted from any loss to arrive at the amount of liability attaching hereunder.

B. All salvages, recoveries or payments recovered or received subsequent to loss settlement hereunder shall be applied as if recovered or received prior to the aforesaid settlement, and all necessary adjustments shall be made by the parties hereto.

ARTICLE 20

CURRENCY

A. Where the word “Dollars” and/or the sign “$” appear in this Contract, they shall mean United States Dollars, and all payments hereunder shall be in United States Dollars.

B. For purposes of this Contract, where the Company receives premiums or pays losses in currencies other than United States Dollars, such premiums or losses shall be converted into United States Dollars at the actual rates of exchange at which these premiums or losses are entered in the Company’s books.

ARTICLE 21

UNAUTHORIZED REINSURANCE

A. This Article applies:

1. only to the extent a Subscribing Reinsurer does not qualify for credit with any insurance regulatory authority having jurisdiction over the Company's reserves, or

2. to a Subscribing Reinsurer qualified as a reciprocal jurisdiction reinsurer with any such insurance regulatory authority in the event such Subscribing Reinsurer resists enforcement of a final judgment that is enforceable under the law of the jurisdiction in which it was obtained or a properly enforceable arbitration or arbitral award obtained by the Company or any legal successor, in which case such Subscribing Reinsurer shall fund 100% of its share of the Reinsurer's Obligations as hereinafter provided.

B. The Company agrees, in respect of its Policies or bonds falling within the scope of this Contract, that when it files with its insurance regulatory authority, or sets up on its books liabilities as required by law, it shall forward to the Reinsurer a statement showing the proportion of such liabilities applicable to the Reinsurer. The "Reinsurer's Obligations" shall be defined as follows:

1. unearned premium (if applicable);

2. known outstanding losses that have been reported to the Reinsurer and Loss Adjustment Expense relating thereto;

3. losses and Loss Adjustment Expense paid by the Company but not recovered from the Reinsurer;

4. losses incurred but not reported and Loss Adjustment Expense relating thereto;

5. all other amounts for which the Company cannot take credit on its financial statements unless funding is provided by the Reinsurer.

C. The Reinsurer's Obligations shall be funded by funds withheld, cash advances, Trust Agreement or a Letter of Credit (LOC). The Reinsurer shall have the option of determining the method of funding provided it is acceptable to the Company and insurance regulatory authorities having jurisdiction over the Company's reserves.

D. When funding by Trust Agreement, the Reinsurer shall ensure that the Trust Agreement complies with the provisions of the "Trust Agreement Requirements Clause" attached hereto. When funding by an LOC, the Reinsurer agrees to apply for and secure timely delivery to the Company of a clean, irrevocable and unconditional LOC issued by a bank and containing provisions acceptable to the insurance regulatory authorities having jurisdiction over the Company's reserves in an amount equal to the Reinsurer's Obligations. Such LOC shall be

issued for a period of not less than one year, and shall be automatically extended for one year from its date of expiration or any future expiration date unless 30 days (or such other time period as may be required by insurance regulatory authorities), prior to any expiration date the issuing bank shall notify the Company by certified or registered mail that the issuing bank elects not to consider the LOC extended for any additional period.

E. The Reinsurer and the Company agree that any funding provided by the Reinsurer pursuant to the provisions of this Contract may be drawn upon at any time, notwithstanding any other provision of this Contract, and be utilized by the Company or any successor, by operation of law, of the Company including, without limitation, any liquidator, rehabilitator, receiver or conservator of the Company, for the following purposes, unless otherwise provided for in a separate Trust Agreement:

1. to reimburse the Company for the Reinsurer's Obligations, the payment of which is due under the terms of this Contract and that has not been otherwise paid;

2. to make refund of any sum that is in excess of the actual amount required to pay the Reinsurer's Obligations under this Contract (or in excess of 102% of the Reinsurer's Obligations, if funding is provided by a Trust Agreement);

3. to fund an account with the Company for the Reinsurer's Obligations. Such cash deposit shall be held in an interest bearing account separate from the Company's other assets, and interest thereon not in excess of the prime rate shall accrue to the benefit of the Reinsurer. Any taxes payable on accrued interest shall be paid out of the assets in the account that are in excess of the Reinsurer's Obligations (or in excess of 102% of the Reinsurer's Obligations, if funding is provided by a Trust Agreement). If the assets are inadequate to pay taxes, any taxes due shall be paid or reimbursed by the Reinsurer;

4. to pay the Reinsurer's share of any other amounts the Company claims are due under this Contract.

F. If the amount drawn by the Company is in excess of the actual amount required for paragraphs E(1) or E(3) above, or in the case of paragraph E(4) above, the actual amount determined to be due, the Company shall promptly return to the Reinsurer the excess amount so drawn. All of the foregoing shall be applied without diminution because of insolvency on the part of the Company or the Reinsurer.

G. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company.

H. At annual intervals, or more frequently at the discretion of the Company, but never more frequently than quarterly, the Company shall prepare a specific statement of the Reinsurer's Obligations for the sole purpose of amending the LOC or other method of funding, in the following manner:

1. If the statement shows that the Reinsurer's Obligations exceed the balance of the LOC as of the statement date, the Reinsurer shall, within 30 days after receipt of the statement, secure delivery to the Company of an amendment to the LOC increasing the amount of credit by the amount of such difference. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, increase such funding by the amount of such difference.

2. If, however, the statement shows that the Reinsurer's Obligations are less than the balance of the LOC (or that 102% of the Reinsurer's Obligations are less than the trust account balance if funding is provided by a Trust Agreement), as of the statement date, the Company shall, within 30 days after receipt of written request from the Reinsurer, release such excess credit by agreeing to secure an amendment to the LOC reducing the amount of credit available by the amount of such excess credit. Should another method of funding be used, the Company shall, within the time period outlined above, decrease such funding by the amount of such excess.

ARTICLE 22

TAXES

A. In consideration of the terms under which this Contract is issued, the Company undertakes not to claim any deduction of the premium hereon when making Canadian tax returns or when making tax returns, other than Income or Profits Tax returns, to any state or territory of the United States of America or to the District of Columbia.

B. 1. Each Subscribing Reinsurer has agreed to allow, for the purpose of paying the Federal Excise Tax, the applicable percentage of the premium payable hereon (as imposed under the Internal Revenue Code) to the extent such premium is subject to Federal Excise Tax.

2. In the event of any return of premium becoming due hereunder, the Subscribing Reinsurer shall deduct the applicable percentage of the premium from the amount of the return, and the Company or its agent should take steps to recover the Tax from the U.S. Government.

ARTICLE 23

ACCESS TO RECORDS

A. The Reinsurer or its duly authorized representatives shall have the right to visit the offices of the Company to inspect, examine, audit, and verify any of the policy, accounting or claim files ("Records") relating to business reinsured under this Contract during regular business hours after giving five working days' prior notice. This right shall be exercisable during the term of this Contract or after the expiration of this Contract. Notwithstanding the above, the

Reinsurer shall not have any right of access to the Records of the Company if it is not current in all undisputed payments due the Company.

B. Notwithstanding the above, the Company reserves the right to withhold from the Reinsurer any Privileged Documents. However, the Company shall permit and not object to the Reinsurer's access to Privileged Documents in connection with the underlying claim reinsured hereunder following final settlement or final adjudication of the case or cases involving such claim, with prejudice against all claimants and all parties to such adjudications; the Company may defer release of such Privileged Documents if there are subrogation, contribution, or other third party actions with respect to that claim or case, and the Company's defense might be jeopardized by release of such Privileged Documents. In the event that the Company seeks to defer release of such Privileged Documents, it shall, in consultation with the Reinsurer, take other steps as reasonably necessary to provide the Reinsurer with the information it reasonably requires to indemnify the Company without causing a loss of such privileges or protections. The Reinsurer shall not have access to Privileged Documents relating to any dispute between the Company and the Reinsurer.

C. For purposes of this Article:

1. "Privileged Documents" means any documents that are Attorney-Client Privilege Documents and/or Work Product Privilege Documents.

2. "Attorney-Client Privilege Documents" means communications of a confidential nature between (a) the Company, or anyone retained by or at the direction of the Company, or its in-house or outside legal counsel, or anyone in the control of such legal counsel, and (b) any in-house or outside legal counsel, if such communications relate to legal advice being sought by the Company and/or contain legal advice being provided to the Company.

3. "Work Product Privilege Documents" means communications, written materials and tangible things prepared by or for in-house or outside counsel, or prepared by or for the Company, in anticipation of or in connection with litigation, arbitration, or other dispute resolution proceedings.

ARTICLE 24

CONFIDENTIALITY

A. The Reinsurer hereby acknowledges that the documents, information and data provided to it by the Company, whether directly or through an authorized agent, in connection with the placement and execution of this Contract ("Confidential Information") are proprietary and confidential to the Company. Confidential Information shall not include documents, information or data that the Reinsurer can show:

1. are publicly known or have become publicly known through no unauthorized act of the Reinsurer;

2. have been rightfully received from a third person without obligation of confidentiality; or

3. were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.

B. Absent the written consent of the Company, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies, except:

1. when required by retrocessionaires as respects business ceded to this Contract;

2. when required by regulators performing an audit of the Reinsurer's records and/or financial condition; or

3. when required by external auditors performing an audit of the Reinsurer's records in the normal course of business.

Further, the Reinsurer agrees not to use any Confidential Information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract.

C. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the Confidential Information, the Reinsurer agrees to provide the Company with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Company in maintaining the confidentiality provided for in this Article.

D. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

E. Notwithstanding the above, this Confidentiality Article and the Access to Records Article of this Contract shall comply with the confidentiality and non-disclosure agreement previously signed by the Company and the Reinsurer (the "NDA"). The provisions of the NDA shall prevail in the event of conflict between the provisions of this Contract and the provisions of the NDA.

ARTICLE 25

INDEMNIFICATION AND ERRORS AND OMISSIONS

A. The Reinsurer is reinsuring, subject to the terms and conditions of this Contract, the obligations of the Company under any Policy. The Company shall be the sole judge as to:

1. what shall constitute a claim or loss covered under any Policy;

2. the Company's liability thereunder;

3. the amount or amounts that it shall be proper for the Company to pay thereunder.

B. The Reinsurer shall be bound by the judgment of the Company as to the obligation(s) and liability(ies) of the Company under any Policy.

C. Any inadvertent error, omission or delay in complying with the terms and conditions of this Contract shall not be held to relieve either party hereto from any liability that would attach to it hereunder if such error, omission or delay had not been made, provided such error, omission or delay is rectified immediately upon discovery.

ARTICLE 26

INSOLVENCY

A. If more than one reinsured company is referenced within the definition of "Company" in the Preamble to this Contract, this Article shall apply severally to each such company. Further, this Article and the laws of the domiciliary location shall apply in the event of the insolvency of any company covered hereunder. In the event of a conflict between any provision of this Article and the laws of the domiciliary location of any company covered hereunder, that domiciliary location's laws shall prevail.

B. In the event of the insolvency of the Company, this reinsurance (or the portion of any risk or obligation assumed by the Reinsurer, if required by applicable law) shall be payable directly to the Company, or to its liquidator, receiver, conservator or statutory successor, either: (1) on the basis of the liability of the Company, or (2) on the basis of claims filed and allowed in the liquidation proceeding, whichever may be required by applicable statute, without diminution because of the insolvency of the Company or because the liquidator, receiver, conservator or statutory successor of the Company has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Company shall give written notice to the Reinsurer of the pendency of a claim against the Company indicating the Policy or bond reinsured, which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense or defenses that it may deem available to the Company or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Company as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit that may accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

C. Where two or more reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the

terms of this reinsurance Contract as though such expense had been incurred by the Company.

D. As to all reinsurance made, ceded, renewed or otherwise becoming effective under this Contract, the reinsurance shall be payable as set forth above by the Reinsurer to the Company or to its liquidator, receiver, conservator or statutory successor, (except as provided by Section 4118(a)(1)(A) of the New York Insurance Law, provided the conditions of 1114(c) of such law have been met, if New York law applies) or except (1) where the Contract specifically provides another payee in the event of the insolvency of the Company, or (2) where the Reinsurer, with the consent of the direct insured or insureds, has assumed such Policy obligations of the Company as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Company to such payees. Then, and in that event only, the Company, with the prior approval of the certificate of assumption on New York risks by the Superintendent of Financial Services of the State of New York, or with the prior approval of such other regulatory authority as may be applicable, is entirely released from its obligation and the Reinsurer shall pay any loss directly to payees under such Policy.

ARTICLE 27

ARBITRATION

A. Any dispute arising out of the interpretation, performance or breach of this Contract, including the formation or validity thereof, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration shall be in writing and sent certified or registered mail, return receipt requested.

B. One arbitrator shall be chosen by each party and the two arbitrators shall then choose an impartial third arbitrator who shall preside at the hearing. If either party fails to appoint its arbitrator within 30 days after being requested to do so by the other party, the latter, after 10 days' prior notice by certified or registered mail of its intention to do so, may appoint the second arbitrator.

C. If the two arbitrators do not agree on a third arbitrator within 60 days of their appointment, the third arbitrator shall be chosen in accordance with the procedures for selecting the third arbitrator in force on the date the arbitration is demanded, established by the AIDA Reinsurance and Insurance Arbitration Society – U.S. (ARIAS). The members of the arbitration panel will be impartial, disinterested, and not currently representing any party participating in the arbitration, and will be current or former senior officers of insurance or reinsurance concerns, experienced in the line(s) of business that are the subject of this Contract. If a member of the panel dies, becomes disabled or is otherwise unwilling or unable to serve, a substitute shall be selected in the same manner as the departing member was chosen and the arbitration shall continue.

D. Within 30 days after all arbitrators have been appointed, the panel shall meet and determine timely periods for briefs, discovery procedures and schedules of hearings.

E. The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. Notwithstanding anything to the contrary in this Contract, the arbitrators may at their discretion, consider underwriting and placement information provided by the Company to the Reinsurer, as well as any correspondence exchanged by the parties that is related to this Contract. Unless the panel agrees otherwise, arbitration shall take place in New York, New York, but the venue may be changed when deemed by the panel to be in the best interest of the arbitration proceeding. Insofar as the arbitration panel looks to substantive law, it shall consider the law of the State of New York. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

F. The panel shall interpret this Contract as an honorable engagement rather than as merely a legal obligation and shall make its decision considering the custom and practice of the applicable insurance and reinsurance business as promptly as possible after the hearings. Judgment upon an award may be entered in any court having jurisdiction thereof.

G. Each party shall bear the expense of its own arbitrator and shall jointly and equally bear with the other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorneys' fees, to the extent permitted by law.

ARTICLE 28

SERVICE OF SUIT

A. This Article applies only to those Subscribing Reinsurers not domiciled in the United States of America, and/or not authorized in any state, territory and/or district of the United States of America where authorization is required by insurance regulatory authorities.

B. This Article shall not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.

C. In the event of the failure of the Reinsurer to perform its obligations hereunder, the Reinsurer, at the request of the Company, shall submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court

is selected, whether such court is the one originally chosen by the Company and accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, shall comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against the Reinsurer upon this Contract, shall abide by the final decision of such court or of any appellate court in the event of an appeal.

D. Service of process in such suit may be made upon Messrs. Mendes and Mount, 750 Seventh Avenue, New York, New York 10019-6829, or another party specifically designated in the applicable Interests and Liabilities Agreement attached hereto. The above-named are authorized and directed to accept service of process on behalf of the Reinsurer in any such suit.

E. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefor, the Reinsurer hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Contract, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

ARTICLE 29

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any location, such provision shall be considered void in such location, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 30

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation by the laws of the State of New York, exclusive of conflict of law rules. However, with respect to credit for reinsurance, the rules of all applicable states shall apply.

ARTICLE 31

ENTIRE AGREEMENT

This Contract, together with the Non Disclosure Agreement with the Reinsurer, sets forth all of the duties and obligations between the Company and the Reinsurer and supersedes any and all prior or contemporaneous written agreements with respect to matters referred to in this Contract.

This Contract may only be modified or changed by an amendment in writing that shall be signed by both parties and submitted for approval to the Superintendent of the New York Department of Financial Services. However, this Article shall not be construed as limiting the admissibility of evidence regarding the formation, interpretation, purpose or intent of this Contract.

ARTICLE 32

NON-WAIVER

The failure of the Company or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights contained in this Contract nor prevent either party from thereafter demanding full and complete compliance nor prevent either party from exercising such remedy in the future.

ARTICLE 33

AGENCY AGREEMENT

For purposes of sending and receiving notices and payments required by this Contract, Lemonade Insurance Company shall be deemed the agent of all other reinsured companies referenced in this Contract. In no event, however, shall any reinsured company be deemed the agent of another with respect to the terms of the Insolvency Article.

ARTICLE 34

INTERMEDIARY

Guy Carpenter & Company, LLC, is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including notices, statements, premiums, return premiums, commissions, taxes, losses, Loss Adjustment Expenses, salvages, and loss settlements) relating thereto shall be transmitted to the Company or the Reinsurer through the Intermediary. Payments by the Company to the Intermediary shall be deemed payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed payment to the Company only to the extent that such payments are actually received by the Company.

ARTICLE 35

MODE OF EXECUTION

A. This Contract may be executed by:

1. an original written ink signature of paper documents;

2. an exchange of facsimile copies showing the original written ink signature of paper documents;

3. electronic signature technology employing computer software and a digital signature or digitizer pen pad to capture a person's handwritten signature in such a manner that the signature is unique to the person signing, is under the sole control of the person signing, is capable of verification to authenticate the signature and is linked to the document signed in such a manner that if the data is changed, such signature is invalidated.

B. The use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this Contract. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

IN WITNESS WHEREOF, the Company has caused this Contract to be executed by its duly authorized representative(s), who also confirms the Company's review of and agreement to be bound by the terms and conditions of the Interests and Liabilities Agreements attached to and forming part of this Contract,

Signed in _____ this _____day of _____, in the year of 20____.

LEMONADE INSURANCE COMPANY

By: _____ Title: President/CEO

and signed in _____ this _____day of _____, in the year of 20____.

LEMONADE INSURANCE N.V.

By: _____ Title: _____

METROMILE INSURANCE COMPANY

By: _____ Title: _____

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT

NUCLEAR INCIDENT EXCLUSION CLAUSE - PHYSICAL DAMAGE - REINSURANCE - U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reassured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and "critical facilities" as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of "special nuclear material", and for reprocessing, salvaging, chemically separating, storing or disposing of "spent" nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reassured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reassured to be the primary hazard.

6. The term "special nuclear material" shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.

7. Reassured to be sole judge of what constitutes:

   (a) substantial quantities, and

   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

   (a) all policies issued by the Reassured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

   (b) with respect to any risk located in Canada policies issued by the Reassured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

12/12/57
NMA 1119

NOTES: Wherever used herein the terms:

"Reassured" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

NUCLEAR INCIDENT EXCLUSION CLAUSE - LIABILITY - REINSURANCE - U.S.A.

(1) This reinsurance does not cover any loss or liability accruing to the Reassured as a member of, or subscriber to, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such member, subscriber or association.

(2) Without in any way restricting the operation of paragraph (1) of this Clause it is understood and agreed that for all purposes of this reinsurance all the original policies of the Reassured (new, renewal and replacement) of the classes specified in Clause II of this paragraph (2) from the time specified in Clause III in this paragraph (2) shall be deemed to include the following provision (specified as the Limited Exclusion Provision):

Limited Exclusion Provision.*

I. It is agreed that the policy does not apply under any liability coverage, to

injury, sickness, disease, death or destruction

bodily injury or property damage

with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability.

II. Family Automobile Policies (liability only), Special Automobile Policies (private passenger automobiles, liability only), Farmers Comprehensive Personal Liability Policies (liability only), Comprehensive Personal Liability Policies (liability only) or policies of a similar nature; and the liability portion of combination forms related to the four classes of policies stated above, such as the Comprehensive Dwelling Policy and the applicable types of Homeowners Policies.

III. The inception dates and thereafter of all original policies as described in II above, whether new, renewal or replacement, being policies which either

(a) become effective on or after 1st May, 1960, or

(b) become effective before that date and contain the Limited Exclusion Provision set out above;

provided this paragraph (2) shall not be applicable to Family Automobile Policies, Special Automobile Policies, or policies or combination policies of a similar nature, issued by the Reassured on New York risks, until 90 days following approval of the Limited Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(3) Except for those classes of policies specified in Clause II of paragraph (2) and without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that for all purposes of this reinsurance the original liability policies of the Reassured (new, renewal and replacement) affording the following coverages:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability)

shall be deemed to include, with respect to such coverages, from the time specified in Clause V of this paragraph (3), the following provision (specified as the Broad Exclusion Provision):

Broad Exclusion Provision.*

It is agreed that the policy does not apply:

I. Under any Liability Coverage, to

injury, sickness, disease, death or destruction

bodily injury or property damage

(a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to

immediate medical or surgical relief

first aid,

to expenses incurred with respect to

bodily injury, sickness, disease or death

bodily injury

resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage, to

injury, sickness, disease, death or destruction

bodily injury or property damage

resulting from the hazardous properties of nuclear material, if

(a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;

(b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(c) the

injury, sickness, disease, death or destruction

bodily injury or property damage

arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to

injury to or destruction of property at such nuclear facility.

property damage to such nuclear facility and any property thereat.

IV. As used in this endorsement:

"**hazardous properties**" include radioactive, toxic or explosive properties; "**nuclear material**" means source material, special nuclear material or byproduct material; "**source material**", "**special nuclear material**", and "**byproduct material**" have the

meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; "**spent fuel**" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "**waste**" means any waste material (1) containing byproduct material other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content and (2) resulting from the operation by any person or organization of any nuclear facility included under the first two paragraphs of the definition of nuclear facility; "**nuclear facility**" means

(a) any nuclear reactor,

(b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,

(c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "**nuclear reactor**" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

With respect to injury to or destruction of property, the word "injury" or "destruction" includes all forms of radioactive contamination of property. "property damage" includes all forms of radioactive contamination of property.

V. The inception dates and thereafter of all original policies affording coverages specified in this paragraph (3), whether new, renewal or replacement, being policies which become effective on or after 1st May, 1960, provided this paragraph (3) shall not be applicable to

(i) Garage and Automobile Policies issued by the Reassured on New York risks, or

(ii) statutory liability insurance required under Chapter 90, General Laws of Massachusetts,

until 90 days following approval of the Broad Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(4) Without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that paragraphs (2) and (3) above are not applicable to original liability policies of the Reassured in Canada and that with respect to such policies this Clause shall be deemed to include the Nuclear Energy Liability Exclusion Provisions adopted by the Canadian Underwriters' Association or the Independent Insurance Conference of Canada.

***NOTE. The words printed in italics in the Limited Exclusion Provision and in the Broad Exclusion Provision shall apply only in relation to original liability policies which include a Limited Exclusion Provision or a Broad Exclusion Provision containing those words.**

NOTES: Wherever used herein the terms:

"Reassured" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

21/9/67
NMA 1590 (amended)

NUCLEAR ENERGY RISKS EXCLUSION CLAUSE (REINSURANCE) (1994)
(WORLDWIDE EXCLUDING U.S.A. AND CANADA)

This Agreement shall exclude Nuclear Energy Risks whether such risks are written directly and/or by way of reinsurance and/or via Pools and/or Associations.

For all purposes of this Agreement Nuclear Energy Risks shall mean all first party and/or third party insurances or reinsurances (other than Workers' Compensation and Employers' Liability) in respect of:

(I) All Property on the site of a nuclear power station.

Nuclear Reactors, reactor buildings and plant and equipment therein on any site other than a nuclear power station.

(II) All Property, on any site (including but not limited to the sites referred to in (I) above) used or having been used for:

(a) the generation of nuclear energy; or

(b) the Production, Use or Storage of Nuclear Material.

(III) Any other Property eligible for insurance by the relevant local Nuclear Insurance Pool and/or Association but only to the extent of the requirements of that local Pool and/or Association.

(IV) The supply of goods and services to any of the sites, described in (I) to (III) above, unless such insurances or reinsurances shall exclude the perils of irradiation and contamination by Nuclear Material.

Except as undernoted, Nuclear Energy Risks shall not include:

(i) Any insurance or reinsurance in respect of the construction or erection or installation or replacement or repair or maintenance or decommissioning of Property as described in (I) to (III) above (including contractors' plant and equipment);

(ii) Any Machinery Breakdown or other Engineering insurance or reinsurance not coming within the scope of (i) above.

Provided always that such insurance or reinsurance shall exclude the perils of irradiation and contamination by Nuclear Material.

However, the above exemption shall not extend to:

(1) The provision of any insurance or reinsurance whatsoever in respect of:

(a) Nuclear Material;

(b) Any Property in the High Radioactivity Zone or Area of any Nuclear Installation as from the introduction of Nuclear Material or - for reactor installations - as from fuel loading or first criticality where so agreed with the relevant local Nuclear Insurance Pool and/or Association.

(2) The provision of any insurance or reinsurance for the undernoted perils:

- fire, lightning, explosion;
- earthquake;
- aircraft and other aerial devices or
- articles dropped therefrom;
- irradiation and radioactive contamination;
- any other peril insured by the relevant local Nuclear Insurance Pool and/or Association;

in respect of any other Property not specified in (1) above which directly involves the Production, Use or Storage of Nuclear Material as from the introduction of Nuclear Material into such Property.

Definitions

"Nuclear Material" means:

(i) Nuclear fuel, other than natural uranium and depleted uranium, capable of producing energy by a self-sustaining chain process of nuclear fission outside a Nuclear Reactor, either alone or in combination with some other material; and

(ii) Radioactive Products or Waste.

"Radioactive Products or Waste" means any radioactive material produced in, or any material made radioactive by exposure to the radiation incidental to the production or utilization of nuclear fuel, but does not include radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial or industrial purpose.

"Nuclear Installation" means:

(i) Any Nuclear Reactor;

(ii) Any factory using nuclear fuel for the production of Nuclear Material, or any factory for the processing of Nuclear Material, including any factory for the reprocessing of irradiated nuclear fuel; and

(iii) Any facility where Nuclear Material is stored, other than storage incidental to the carriage of such material.

"Nuclear Reactor" means any structure containing nuclear fuel in such an arrangement that a self-sustaining chain process of nuclear fission can occur therein without an additional source of neutrons.

"Production, Use or Storage of Nuclear Material" means the production, manufacture, enrichment, conditioning, processing, reprocessing, use, storage, handling and disposal of Nuclear Material.

"Property" shall mean all land, buildings, structures, plant, equipment, vehicles, contents (including but not limited to liquids and gases) and all materials of whatever description whether fixed or not.

"High Radioactivity Zone or Area" means:

(i) For nuclear power stations and Nuclear Reactors, the vessel or structure which immediately contains the core (including its supports and shrouding) and all the contents thereof, the fuel elements, the control rods and the irradiated fuel store; and

(ii) For non-reactor Nuclear Installations, any area where the level of radioactivity requires the provision of a biological shield.

N.M.A. 1975(a)
April 1, 1994

NOTES: Wherever used herein the terms:

"Reinsured" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

TRUST AGREEMENT REQUIREMENTS CLAUSE

A. Except as provided in paragraph B of this Clause, if the Reinsurer satisfies its funding obligations under the Unauthorized Reinsurance Article by providing a Trust Agreement, the Reinsurer shall ensure that the Trust Agreement:

1. Requires the Reinsurer to establish a trust account for the benefit of the Company, and specifies what the Trust Agreement is to cover;

2. Stipulates that assets deposited in the trust account shall be valued according to their current fair market value and shall consist only of cash (United States legal tender), certificates of deposit (issued by a United States bank and payable in United States legal tender), and investments of the types permitted by the regulatory authorities having jurisdiction over the Company's reserves, or any combination of the three, provided that the investments are issued by an institution that is not the parent, subsidiary or affiliate of either the Reinsurer or the Company;

3. Requires the Reinsurer, prior to depositing assets with the trustee, to execute assignments or endorsements in blank, or to transfer legal title to the trustee of all shares, obligations or any other assets requiring assignments, in order that the Company, or the trustee upon the direction of the Company, may whenever necessary negotiate these assets without consent or signature from the Reinsurer or any other entity;

4. Requires that all settlements of account between the Company and the Reinsurer be made in cash or its equivalent; and

5. Provides that assets in the trust account shall be withdrawn only as permitted in this Contract, without diminution because of the insolvency of the Company or the Reinsurer.

B. If a ceding insurer is domiciled in California and the Reinsurer satisfies its funding obligations under the Unauthorized Reinsurance Article by providing a Trust Agreement, the Reinsurer shall ensure that the Trust Agreement:

1. Provides that assets deposited in the trust account shall be valued according to their current fair market value and shall consist only of cash in United States dollars, certificates of deposit issued by a United States financial institution as defined in California Insurance Code Section 922.7(a) and payable in United States dollars, and investments permitted by the California Insurance Code, or any combination of the above.

2. Provides that investments in or issued by an entity controlling, controlled by or under common control with either the grantor or the beneficiary of the trust shall not exceed 5% of total investments.

3. Requires the Reinsurer, prior to depositing assets with the trustee, to execute assignments or endorsements in blank, or to transfer legal title to the trustee of all shares, obligations or any other assets requiring assignments, in order that the ceding insurer, or the trustee upon the direction of the ceding insurer, may, whenever necessary, negotiate these assets without consent or signature from the Reinsurer or any other entity.

4. Provides that assets in the trust account shall be withdrawn only as permitted in this Contract, without diminution because of the insolvency of the ceding insurer or the Reinsurer.

C. If there are multiple ceding insurers that collectively comprise the Company, "regulatory authorities" as referenced in subparagraph A(2) above, shall mean the individual ceding insurer's domestic regulator.

POOLS, ASSOCIATIONS & SYNDICATES EXCLUSION CLAUSE

Section A:

This Contract excludes:

a. All business derived directly or indirectly from any Pool, Association or Syndicate which maintains its own reinsurance facilities.

b. Any Pool or Scheme (whether voluntary or mandatory) formed after March 1, 1968 for the purpose of insuring property, whether on a country-wide basis or in respect of designated areas. This exclusion shall not apply to so-called Automobile Insurance Plans or other Pools formed to provide coverage for Automobile Physical Damage.

Section B:

1. This Contract excludes business written by the Company for the same perils, which is known at the time to be insured by, or in excess of underlying amounts placed in, any Pool, Association or Syndicate, whether by way of insurance or reinsurance, formed for the purpose of writing any of the following:

   Oil, Gas or Petro-Chemical Plants

   Oil or Gas Drilling Rigs and/or

   Aviation Risks

2. The exclusion under paragraph 1 of this Section B does not apply:

   a. Where the Total Insured Value over all interests of the risk in question is less than $250,000,000.

   b. To interests traditionally underwritten as Inland Marine and/or Stock and/or Contents written on a Blanket basis.

   c. To Contingent Business Interruption, except when the Company is aware that the key location is known at the time to be insured in any Pool, Association or Syndicate named above, other than as provided for under subparagraph (a).

NOTES: Wherever used herein the terms:

"Company" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

COMMUNICABLE DISEASE EXCLUSION (PROPERTY TREATY REINSURANCE)

1. Notwithstanding any provision to the contrary within this reinsurance agreement, this reinsurance agreement excludes any loss, damage, liability, claim, cost or expense of whatsoever nature, directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease regardless of any other cause or event contributing concurrently or in any other sequence thereto.

2. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

   2.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and

   2.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and

   2.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.

3. Notwithstanding the foregoing, losses directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with any one of the following perils: fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, flood, freeze or weight of snow, riot, riot attending a strike, civil commotion, vandalism and malicious mischief shall be covered.

LMA5394 As amended

27 March 2020

CYBER LOSS LIMITED EXCLUSION CLAUSE (PROPERTY TREATY REINSURANCE) NO. 1

1. Notwithstanding any provision to the contrary within this reinsurance agreement or any endorsement thereto, this reinsurance agreement excludes all loss, damage, liability, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with:

   1.1 any loss of, alteration of, or damage to or a reduction in the functionality, availability or operation of a Computer System, unless subject to the provisions of paragraph 2;

   1.2 any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data.

2. Subject to the other terms, conditions and exclusions contained in this reinsurance agreement, this reinsurance agreement will cover physical damage to property insured under the original policies

3. and any Time Element Loss directly resulting therefrom where such physical damage is directly occasioned by any of the following perils:

fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, flood, freeze or weight of snow

Definitions

4. Computer System means any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility.

5. Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

Time Element Loss means business interruption, contingent business interruption or any other consequential losses.

INTERESTS AND LIABILITIES AGREEMENT

(the "Agreement")

of

MAPFRE RE, COMPAÑIA DE REASEGUROS S. A.

(the "Subscribing Reinsurer")

as respects the

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT
Effective: July 1, 2024

(the "Contract")

issued to and executed by

LEMONADE INSURANCE COMPANY
New York, New York

and

LEMONADE INSURANCE N.V.
Amsterdam, Netherlands

and

METROMILE INSURANCE COMPANY
Wilmington, Delaware

(collectively, the "Company")

The Subscribing Reinsurer's share in the interests and liabilities of the Reinsurer as set forth in the Contract shall be [***]% share of 100.00%.

The share of the Subscribing Reinsurer in the interests and liabilities of the Reinsurer in respect of the Contract shall be separate and apart from the shares of other subscribing reinsurers, if any, on the Contract. The interests and liabilities of the Subscribing Reinsurer shall not be joint with those of such other subscribing reinsurers and in no event shall the Subscribing Reinsurer participate in the interests and liabilities of such other subscribing reinsurers.

This Agreement shall become effective at 12:01 a.m., Standard Time, July 1, 2024 and shall be subject to the provisions of the Term Article and the Special Termination Article and all other terms and conditions of the Contract.

Premium and loss payments made to Guy Carpenter shall be deposited in a Premium and Loss Account in accordance with Section 32.3(a)(1) of Regulation 98 of the Department of Financial

Services of the State of New York. The Subscribing Reinsurer consents to withdrawals from said account in accordance with Section 32.3(a)(3) of the Regulation, including interest and Federal Excise Tax.

Brokerage hereunder is [***]% of gross ceded premium.

IN WITNESS WHEREOF, the Subscribing Reinsurer has caused this Agreement to be executed by its duly authorized representative as follows:

on this _____ day of _____, in the year _____.

MAPFRE RE, COMPAÑIA DE REASEGUROS S. A.

By: _____ Title: _____

Reference:

LEMONADE INSURANCE COMPANY

and

LEMONADE INSURANCE N.V.

and

METROMILE INSURANCE COMPANY

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10) because it is both not material and the type of information that the registrant treats as private or confidential.

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT

issued to

LEMONADE INSURANCE COMPANY
New York, New York

and

METROMILE INSURANCE COMPANY
Wilmington, Delaware

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT

TABLE OF CONTENTS

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT

TABLE OF CONTENTS

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT

(the "Contract")

issued to

LEMONADE INSURANCE COMPANY
New York, New York

and

METROMILE INSURANCE COMPANY
Wilmington, Delaware

(collectively, the "Company")

by

THE SUBSCRIBING REINSURER(S) IDENTIFIED IN THE INTERESTS AND LIABILITIES AGREEMENT(S) ATTACHED TO AND FORMING PART OF THIS CONTRACT

(the "Reinsurer")

A. This Contract shall extend to cover all insurance companies that, subject to the non-disapproval of the Superintendent of the New York Department of Financial Services, may hereafter become affiliated with the Company to the extent and under the same conditions and limitations as would be provided by this Contract if such affiliated companies were made a party under this Contract, provided that notice be given to the Reinsurer of any such companies that may hereafter become affiliated with the Company as soon as practicable, with full particulars as to how such affiliation is likely to affect this Contract. In the event of either party maintaining that such affiliation calls for alteration in existing terms, and an agreement not being arrived at, then the business of such affiliated company is covered only for a period of forty-five days after notice by either party that they do not wish the company so affiliated to be covered.

B. Balances payable or recoverable by the Reinsurer or individually named reinsured company shall not serve to offset any balances payable or recoverable to or from any other individually named reinsured company party to this Contract. Reports and remittances made to the Reinsurer in accordance with the provisions of this Contract are to be in sufficient detail to identify both the Reinsurer's loss obligations due each individually named reinsured company and each individually named reinsured company's premium remittance under the report.

C. Any limits, retentions and premiums due hereunder may be treated as applying to each individually named reinsured company in accordance with the allocation agreement between those companies.

ARTICLE 1

BUSINESS COVERED

This Contract is to indemnify the Company in respect of the liability that may accrue to the Company as a result of loss or losses under all Policies written or renewed by the Company during the term of this Contract and classified by the Company as personal property insurance, personal liability insurance, including but not limited to private passenger auto insurance, and pet insurance, subject to the terms and conditions herein contained.

ARTICLE 2

COVER

A. The Company shall cede, and the Reinsurer shall accept as reinsurance, a quota share of all business reinsured hereunder. The Reinsurer shall pay to the Company the Reinsurer's quota share of losses under the Policies, Loss Adjustment Expense, Extra Contractual Obligations, and Loss in Excess of Policy Limits covered under this Contract.

B. Notwithstanding the above, the Reinsurer's liability shall be subject to the following:

1. Losses (including Loss Adjustment Expense, Extra Contractual Obligations, and Loss in Excess of Policy Limits) will not exceed $10,000,000 any one Loss Occurrence as respects all business covered hereunder, and further, shall not exceed $50,000,000 as respects all Loss Occurrences for the term of this Contract.

2. A $750,000 limit for any one Property risk.

3. [***].

4. [***].

5. [***].

6. [***].

C. If one Loss Occurrence involves losses under Policies allocated to this Contract and to a successor contract, the Reinsurer's limit of liability this Contract and under the successor contract for the Loss Occurrence shall be reduced to the percentage thereof that the Company's loss under Policies allocated to each bears to the total of the Company's loss in respect of the same Loss Occurrence.

ARTICLE 3

TERM

A. This Contract shall take effect at 12:01 a.m., Standard Time, July 1, 2024, and shall remain in effect until 12:01 a.m., Standard Time, July 1, 2025, in respect of Policies written or renewed during the term of this Contract. "Standard Time" shall be as defined in the Company's Policies.

B. At expiration or termination of this Contract, the Reinsurer shall remain liable for all Policies covered by this Contract that are in force at expiration, until the termination, expiration or renewal of such Policies, whichever occurs first, but in no event to exceed 12 months beyond the effective date of termination or expiration.

C. However, at expiration or termination of this Contract, the Company shall have the option to require a return of the ceded unearned premium, net of ceding commission, as of the date of expiration, on business in force at that date, in which event the Reinsurer shall be released from liability for losses occurring, or claims made as applicable, after expiration, except for claims made under extended reporting periods attaching to Policies that expired during the term of this Contract. For purposes of this Contract, premium for an extended reporting period shall be considered fully earned on the last day of the final period of the Policy to which the extended reporting period applies.

D. In the event this Contract expires or terminates on a run-off basis, the Reinsurer's liability hereunder shall continue if the Company is required by statute or regulation to continue coverage, until the earliest date on which the Company may cancel the Policy.

ARTICLE 4

SPECIAL TERMINATION

A. The Company may terminate a Subscribing Reinsurer's percentage share in this Contract at any time by giving written notice to the Subscribing Reinsurer in the event of any of the following circumstances:

   1. The Subscribing Reinsurer ceases underwriting operations.

   2. A state insurance department or other legal authority orders the Subscribing Reinsurer to cease writing business, or the Subscribing Reinsurer is placed under regulatory supervision.

   3. The Subscribing Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary), or there have been instituted against it proceedings for the appointment of a receiver, liquidator, rehabilitator, conservator, trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations.

4. The Subscribing Reinsurer's policyholders' surplus (or the equivalent under the Subscribing Reinsurer's accounting system) as reported in such financial statements of the Subscribing Reinsurer as designated by the Company, has been reduced by 20% of the amount thereof at any date during the prior 12-month period (including the period prior to the inception of this Contract).

5. The Subscribing Reinsurer has merged with or has become acquired or controlled by any company, corporation, or individual(s) not controlling the Subscribing Reinsurer's operations at the inception of this Contract.

6. The Subscribing Reinsurer has retroceded its entire liability under this Contract without the Company's prior written consent, except for retrocessions to members of the Subscribing Reinsurer's holding company group.

7. The Subscribing Reinsurer has been assigned an A.M. Best's rating of less than "A-" and/or an S&P rating of less than "BBB+." However, as respects Underwriting Members of Lloyd's, London, a Lloyd's Market Rating of less than "A-" by A.M. Best and/or less than "BBB+" by S&P shall apply.

B. Termination shall be effected on a run-off or cut-off basis at the option of the Company as outlined in the Term Article. The reinsurance premium due the Subscribing Reinsurer hereunder (including any minimum reinsurance premium) shall be prorated based on the period of the Subscribing Reinsurer's participation hereon, and the Subscribing Reinsurer shall immediately return any excess reinsurance premium received. Reinstatement premium, if any, shall be calculated based on the Subscribing Reinsurer's reinsurance premium earned during the period of the Subscribing Reinsurer's participation hereon.

C. Additionally, in the event of any of the circumstances listed in paragraph A. of this Article, the Company shall have the option to commute the Subscribing Reinsurer's liability for losses on Policies covered by this Contract. In the event the Company and the Subscribing Reinsurer cannot agree on the commutation amount, they shall appoint an actuary and/or appraiser to assess such amount and shall share equally any expense of the actuary and/or appraiser. If the Company and the Subscribing Reinsurer cannot agree on an actuary and/or appraiser, the Company and the Subscribing Reinsurer each shall nominate three individuals, of whom the other shall decline two, and the final appointment shall be made by drawing lots. Payment by the Subscribing Reinsurer of the amount of liability ascertained shall constitute a complete and final release of both parties in respect of liability arising from the Subscribing Reinsurer's participation under this Contract.

D. The Company's option to require commutation under paragraph C. above shall survive the termination or expiration of this Contract.

E. Notwithstanding the foregoing, paragraphs C and D shall not apply to any Subscribing Reinsurer with A.M. Best's rating of "A+" or greater at the inception of this Contract.

ARTICLE 5

TERRITORY

This Contract applies to losses arising out of Policies written in the United States of America and its territories, wherever occurring.

ARTICLE 6

TRADE AND ECONOMIC SANCTIONS

Wherever potential coverage provided by this Contract would be in violation of any applicable economic or trade sanctions, any such coverage will conform to applicable law.

ARTICLE 7

EXCLUSIONS

This Contract shall not apply to and specifically excludes:

A. Losses excluded by the attached:

   1. Nuclear Incident Exclusion Clause – Physical Damage – Reinsurance – U.S.A.

   2. Nuclear Incident Exclusion Clause – Liability – Reinsurance – U.S.A.

   3. Nuclear Energy Risks Exclusion Clause (Reinsurance) (1994) (Worldwide Excluding U.S.A. and Canada).

B. Liability of the Company arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any Insolvency Fund. "Insolvency Fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, howsoever denominated, established or governed, that provides for any assessment of or payment or assumption by the Company of part or all of any claim, debt, charge, fee, or other obligation of an insurer, or its successors or assigns, that has been declared by any competent authority to be insolvent, or that is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

C. Loss or liability excluded by the attached Pools, Associations & Syndicates Exclusion Clause.

D. Any loss resulting from an "Act of Terrorism," as defined herein, when the loss directly or indirectly involves a release of biological, chemical, radiological or nuclear materials.

E. Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil

war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

F. Financial Guarantee and Insolvency.

G. All treaty reinsurance assumed by the Company, but not to exclude inter-company reinsurance and reinsurance of Policies issued by another carrier at the Company's request, underwritten and reinsured 100% by the Company.

H. Loss resulting from pollution, to the extent excluded under the Company's Policy involved in the loss.

I. The peril of Named Storm.

J. The perils of flood and earthquake when written on a stand-alone basis. For avoidance of doubt, this exclusion shall not apply to fire following earthquake.

K. Mold, as per the Company's Policies.

L. Aviation.

M. Fidelity and Surety.

N. Credit insurance.

O. Title insurance.

P. Any policy or policy endorsement written by the Company that is 100% reinsured to another company.

Q. Business classified by the Company as "Fixed Price" private passenger auto business.

R. Loss or liability excluded by the attached Communicable Disease Exclusion (Property Treaty Reinsurance).

S. Loss or liability excluded by the attached Cyber Loss Limited Exclusion Clause (Property Treaty Reinsurance) No. 1.

ARTICLE 8

SPECIAL ACCEPTANCE

Business that is not within the scope of this Contract may be submitted to Swiss Reinsurance America Corporation (the "Lead Reinsurer") for special acceptance hereunder, and such business, if accepted by the Lead Reinsurer shall be covered hereunder, subject to the terms and conditions of this Contract, except as modified by the special acceptance. Any special acceptance agreed to

by the Lead Reinsurer shall be binding on all Subscribing Reinsurers hereon. The Lead Reinsurer shall be deemed to have accepted a risk, if it has not responded within three days after receiving the underwriting information on such risk. Any renewal of a special acceptance agreed to for a predecessor contract to this Contract shall automatically be covered hereunder.

ARTICLE 9

PREMIUM

A. The Company shall cede to the Reinsurer its exact proportion of the Gross Net Written Premium Income on all Policies written or renewed with effective dates on or after the inception of this Contract.

B. This Contract provides no guarantee of profit, directly or indirectly, from the Reinsurer to the Company or from the Company to the Reinsurer.

ARTICLE 10

CEDING COMMISSION

A. [***].

B. The provisional commission allowed the Company shall be adjusted in accordance with the provisions set forth herein as of the Adjustment Period.

C. The adjusted commission rate shall be calculated as follows and be applied to Premiums Earned:

1. [***];

2. [***];

3. [***].

D. "Adjustment Period" means 24 months from the effective date of this Contract and each subsequent quarter (3) month period shall be a separate Adjustment Period. However, if this Contract is terminated, the final Adjustment Period shall be from the beginning of the then current Adjustment Period through the date of termination if this Contract is terminated on a "cutoff" basis, or the end of the runoff period if this Contract is terminated on a "runoff" basis.

E. "Losses Incurred" means ceded losses and Loss Adjustment Expense paid as of the effective date of calculation, plus the ceded reserves for losses and Loss Adjustment Expense outstanding as of the same date.

F. "Premiums Earned" means ceded Net Subject Written Premium Income for Policies with effective or renewal dates during the Contract term, less the unearned portion thereof as of the effective date of calculation or, if this Contract is terminated on a "cutoff" basis, at the time of termination.

ARTICLE 11

REPORTS AND REMITTANCES

A. 1. Within 45 days following the end of each quarter, the Company shall furnish the Reinsurer with a report summarizing:

   a. reinsurance premium on Gross Net Written Premium Income collected for during the quarter; less

   b. the ceding commission as provided for in the Ceding Commission Article; less

   c. ceded loss and Loss Adjustment Expense paid during the quarter; plus

   d. ceded subrogation, salvage, or other recoveries during the quarter; and

   e. the net balance due either party.

   2. The net balance shall be paid within fifteen (15) days after receipt of the report.

   3. In addition, the Company shall furnish the Reinsurer with a quarterly statement showing the unearned premium reserves, and the reserves for outstanding losses including Loss Adjustment Expense. The Company shall also provide the Reinsurer with such other information as may be required by the Reinsurer for completion of its financial statements.

B. Should the amount recoverable under this Contract exceed $500,000 as respects any one loss, or Loss Occurrence, the Company may give the Reinsurer notice of payment made or its intention to make payment on a certain date. If the Company has paid the loss, payment shall be made by the Reinsurer immediately. If the Company intends to pay the loss by a certain date and has submitted a proof of loss or similar document, payment shall be due from the Reinsurer twenty-four (24) hours prior to that date, provided the Reinsurer has a period of fifteen (15) days after receipt of said notice to dispatch the payment. Cash loss amounts specifically remitted by the Reinsurer as set forth herein shall be credited to the next quarterly account.

ARTICLE 12

DEFINITIONS

A. "Loss Adjustment Expense" means costs and expenses incurred by the Company in connection with the investigation, appraisal, adjustment, settlement, litigation, defense or appeal of a specific claim or loss, or alleged loss, including but not limited to:

1. court costs;

2. costs of supersedeas and appeal bonds;

3. monitoring counsel expenses;

4. legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto, including but not limited to declaratory judgment actions;

5. post-judgment interest;

6. pre-judgment interest, unless included as part of an award or judgment;

7. a pro rata share of salaries and expenses of Company employees, calculated in accordance with the time occupied in adjusting such loss, and expenses of other Company employees who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract; and

8. subrogation, salvage and recovery expenses.

"Loss Adjustment Expense" does not include salaries and expenses of the Company's employees, except as provided in subparagraph (7) above, and office and other overhead expenses.

B. "Gross Net Written Premium Income" means gross written premium of the Company for the classes of business reinsured hereunder, less written portion of premiums ceded by the Company for reinsurance that inures to the benefit of this Contract.

C. "Policy" means any binder, policy, or contract of insurance or reinsurance issued, accepted or held covered provisionally or otherwise, by or on behalf of the Company.

D. 1. "Loss Occurrence" means the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event that occurs within one geographic location. However, the duration and extent of any one "Loss Occurrence" shall be limited to all individual losses sustained by the Company occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term "Loss Occurrence" shall be further defined as follows:

a. As regards any "Named Storm," all individual losses sustained by the Company arising out of and directly occasioned by such "Named Storm," without regard to the limitations of duration and extent set forth above. "Named Storm" means any storm or storm system declared by the US National Hurricane Center, US Central Pacific Hurricane Center, US Weather Prediction Center, or their successor organizations, all being divisions of the US National Weather Service to be a tropical storm or hurricane, and any successors thereof. A storm or storm system that merges with a "Named Storm" shall be considered part of that "Named Storm," once it has merged. A "Named Storm" shall be deemed to begin at the effective time and date of the first watch, warning or other official advisory applicable to such tropical storm, or hurricane, issued by the above referenced governmental meteorological agencies. A "Named Storm" shall be deemed to end 72 hours after the cancellation of the last watch, warning or other official advisory applicable to such tropical storm, hurricane or successor, issued by the above referenced governmental meteorological agencies irrespective of the duration of the timing or spacing between such watches, warnings or other official advisories. If two or more storms are assigned different names by the above-referenced governmental meteorological agencies, each of those storms shall constitute a separate event for purposes of this definition.

b. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage other than "Named Storm", all individual losses sustained by the Company occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to the geographical confines referenced above.

c. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Company occurring during any period of 72 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto, arising out of and directly occasioned by the same event. The maximum duration of 72 consecutive hours may be extended in respect of individual losses which occur beyond such 72 consecutive hours during the continued occupation of an assured's premises by strikers, provided such occupation commenced during the aforesaid period.

d. As regards earthquake (the epicenter of which need not necessarily be within the geographical confines referred to above) and fire following directly occasioned by the earthquake, those earthquake losses and individual fire losses that commence during the period of 168 consecutive hours may be included in the Company's "Loss Occurrence."

e. As regards "freeze," only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by the freezing and/or melting of ice, snow or sleet, or bursting frozen pipes and tanks, but not water damage caused by flood or surface water) may be included in the Company's "Loss Occurrence."

f. As regards firestorms, brush fires and any other fires, irrespective of origin (except as provided in subparagraphs c and d above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Company which occur during any period of 168 consecutive hours within a 150-mile radius of any fixed point selected by the Company may be included in the Company's "Loss Occurrence." Such fixed point must be the site of a loss covered hereunder. However, an individual loss subject to this subparagraph cannot be included in more than one "Loss Occurrence."

2. The Company may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss.

3. Only one period of consecutive hours shall apply with respect to one event, except that, as respects those "Loss Occurrences" referred to in subparagraph D.1.c. above, if the disaster, accident or loss occasioned by the event is of greater duration than 72 consecutive hours, then the Company may divide that disaster, accident or loss into two or more "Loss Occurrences" provided no two periods overlap and no individual loss is included in more than one such period and provided that no period commences earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss.

4. Losses arising from a combination of two or more perils as a result of the same event shall be considered as having arisen from one "Loss Occurrence." Notwithstanding the foregoing, the hourly limitations as stated above shall not be exceeded as respects the applicable perils, and no single "Loss Occurrence" shall encompass a time period greater than 168 consecutive hours.

ARTICLE 13

EXTRA CONTRACTUAL OBLIGATIONS/EXCESS OF POLICY LIMITS

A. This Contract shall cover Extra Contractual Obligations, as provided in the Cover Article. "Extra Contractual Obligations" shall be defined as those liabilities not covered under any other provision of this Contract and that arise from the handling of any claim on business covered hereunder, such liabilities arising because of, but not limited to, the following: failure by the Company to settle within the Policy limit, or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such action.

B. This Contract shall cover Loss in Excess of Policy Limits, as provided in the Cover Article. "Loss in Excess of Policy Limits" shall be defined as Loss in excess of the Policy limit, having been incurred because of, but not limited to, failure by the Company to settle within

the Policy limit or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such action.

C. An Extra Contractual Obligation and/or Loss in Excess of Policy Limits shall be deemed to have occurred on the same date as the loss covered under the Company's Policy, and shall constitute part of the original loss.

D. For the purposes of the Loss in Excess of Policy Limits coverage hereunder, the word "Loss" shall mean any amounts for which the Company would have been contractually liable to pay had it not been for the limit of the original Policy.

E. Loss Adjustment Expense in respect of Extra Contractual Obligations and/or Loss in Excess of Policy Limits shall be covered hereunder in the same manner as other Loss Adjustment Expense.

F. However, this Article shall not apply where the loss has been incurred due to final legal adjudication of fraud of a member of the Board of Directors or a corporate officer of the Company acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

G. In no event shall coverage be provided to the extent not permitted under New York State law.

ARTICLE 14

NET RETAINED LIABILITY

A. This Contract applies only to that portion of any loss that the Company retains net for its own account (prior to deduction of any reinsurance that inures solely to the benefit of the Company).

B. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Company to collect from any other reinsurer(s), whether specific or general, any amounts that may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

ARTICLE 15

INURING REINSURANCE

Recoveries under all reinsurance contracts of the Company, whether collected or not, shall inure to the full benefit of this cover. All reinsurance contracts of the Company shall be deemed to be in place until all liability herein is finalized. Material change in inuring reinsurance is subject to

mutual agreement by the Reinsurer and the Company; however, this provision shall not apply to any inuring catastrophe reinsurance as purchased by the Company. Notwithstanding the foregoing, it is hereby recognized that the Company's inuring Property Catastrophe Excess of Loss Reinsurance Agreement, effective 12:01 a.m., Standard Time, July 1, 2024 through 12:01 a.m., Standard Time, July 1, 2025, shall inure to the sole benefit of the Company on a losses occurring basis.

ARTICLE 16

ORIGINAL CONDITIONS

All reinsurance under this Contract shall be subject to the same terms, conditions, waivers and interpretations, and to the same modifications and alterations as the respective Policies of the Company. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.

ARTICLE 17

NO THIRD PARTY RIGHTS

This Contract is solely between the Company and the Reinsurer, and in no instance shall any insured, claimant or other third party have any rights under this Contract except as may be expressly provided otherwise herein.

ARTICLE 18

LOSS SETTLEMENTS

A. The Company alone and at its full discretion shall adjust, settle or compromise all claims and losses.

B. As respects losses subject to this Contract, all loss settlements made by the Company, whether under strict Policy terms or by way of compromise, and any Extra Contractual Obligations and/or Loss in Excess of Policy Limits, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay or allow, as the case may be, its share of each such settlement in accordance with this Contract.

ARTICLE 19

SALVAGE AND SUBROGATION

A. Salvages and all recoveries (including amounts due from all reinsurances that inure to the benefit of this Contract, whether recovered or not), shall be first deducted from any loss to arrive at the amount of liability attaching hereunder.

B. All salvages, recoveries or payments recovered or received subsequent to loss settlement hereunder shall be applied as if recovered or received prior to the aforesaid settlement, and all necessary adjustments shall be made by the parties hereto.

ARTICLE 20

CURRENCY

A. Where the word "Dollars" and/or the sign "$" appear in this Contract, they shall mean United States Dollars, and all payments hereunder shall be in United States Dollars.

B. For purposes of this Contract, where the Company receives premiums or pays losses in currencies other than United States Dollars, such premiums or losses shall be converted into United States Dollars at the actual rates of exchange at which these premiums or losses are entered in the Company's books.

ARTICLE 21

UNAUTHORIZED REINSURANCE

A. This Article applies:

1. only to the extent a Subscribing Reinsurer does not qualify for credit with any insurance regulatory authority having jurisdiction over the Company's reserves, or

2. to a Subscribing Reinsurer qualified as a reciprocal jurisdiction reinsurer with any such insurance regulatory authority in the event such Subscribing Reinsurer resists enforcement of a final judgment that is enforceable under the law of the jurisdiction in which it was obtained or a properly enforceable arbitration or arbitral award obtained by the Company or any legal successor, in which case such Subscribing Reinsurer shall fund 100% of its share of the Reinsurer's Obligations as hereinafter provided.

B. The Company agrees, in respect of its Policies or bonds falling within the scope of this Contract, that when it files with its insurance regulatory authority, or sets up on its books liabilities as required by law, it shall forward to the Reinsurer a statement showing the proportion of such liabilities applicable to the Reinsurer. The "Reinsurer's Obligations" shall be defined as follows:

1. unearned premium (if applicable);

2. known outstanding losses that have been reported to the Reinsurer and Loss Adjustment Expense relating thereto;

3. losses and Loss Adjustment Expense paid by the Company but not recovered from the Reinsurer;

4. losses incurred but not reported and Loss Adjustment Expense relating thereto;

5. all other amounts for which the Company cannot take credit on its financial statements unless funding is provided by the Reinsurer.

C. The Reinsurer's Obligations shall be funded by funds withheld, cash advances, Trust Agreement or a Letter of Credit (LOC). The Reinsurer shall have the option of determining the method of funding provided it is acceptable to the insurance regulatory authorities having jurisdiction over the Company's reserves.

D. When funding by Trust Agreement, the Reinsurer shall ensure that the Trust Agreement complies with the provisions of the "Trust Agreement Requirements Clause" attached hereto. When funding by an LOC, the Reinsurer agrees to apply for and secure timely delivery to the Company of a clean, irrevocable and unconditional LOC issued by a bank and containing provisions acceptable to the insurance regulatory authorities having jurisdiction over the Company's reserves in an amount equal to the Reinsurer's Obligations. Such LOC shall be issued for a period of not less than one year, and shall be automatically extended for one year from its date of expiration or any future expiration date unless 30 days (or such other time period as may be required by insurance regulatory authorities), prior to any expiration date the issuing bank shall notify the Company by certified or registered mail that the issuing bank elects not to consider the LOC extended for any additional period.

E. The Reinsurer and the Company agree that any funding provided by the Reinsurer pursuant to the provisions of this Contract may be drawn upon at any time, notwithstanding any other provision of this Contract, and be utilized by the Company or any successor, by operation of law, of the Company including, without limitation, any liquidator, rehabilitator, receiver or conservator of the Company, for the following purposes, unless otherwise provided for in a separate Trust Agreement:

1. to reimburse the Company for the Reinsurer's Obligations, the payment of which is due under the terms of this Contract and that has not been otherwise paid;

2. to make refund of any sum that is in excess of the actual amount required to pay the Reinsurer's Obligations under this Contract (or in excess of 102% of the Reinsurer's Obligations, if funding is provided by a Trust Agreement);

3. to fund an account with the Company for the Reinsurer's Obligations. Such cash deposit shall be held in an interest bearing account separate from the Company's other assets, and interest thereon not in excess of the prime rate shall accrue to the benefit of the Reinsurer. Any taxes payable on accrued interest shall be paid out of the assets in the account that are in excess of the Reinsurer's Obligations (or in excess of 102% of the Reinsurer's Obligations, if funding is provided by a Trust Agreement). If the assets are inadequate to pay taxes, any taxes due shall be paid or reimbursed by the Reinsurer;

4. to pay the Reinsurer's share of any other amounts the Company claims are due under this Contract.

F. If the amount drawn by the Company is in excess of the actual amount required for paragraphs E(1) or E(3) above, or in the case of paragraph E(4) above, the actual amount determined to be due, the Company shall promptly return to the Reinsurer the excess amount so drawn. All of the foregoing shall be applied without diminution because of insolvency on the part of the Company or the Reinsurer.

G. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company.

H. At annual intervals, or more frequently at the discretion of the Company, but never more frequently than quarterly, the Company shall prepare a specific statement of the Reinsurer's Obligations for the sole purpose of amending the LOC or other method of funding, in the following manner:

1. If the statement shows that the Reinsurer's Obligations exceed the balance of the LOC as of the statement date, the Reinsurer shall, within 30 days after receipt of the statement, secure delivery to the Company of an amendment to the LOC increasing the amount of credit by the amount of such difference. Should another method of funding be used, the Reinsurer shall, within the time period outlined above, increase such funding by the amount of such difference.

2. If, however, the statement shows that the Reinsurer's Obligations are less than the balance of the LOC (or that 102% of the Reinsurer's Obligations are less than the trust account balance if funding is provided by a Trust Agreement), as of the statement date, the Company shall, within 30 days after receipt of written request from the Reinsurer, release such excess credit by agreeing to secure an amendment to the LOC reducing the amount of credit available by the amount of such excess credit. Should another method of funding be used, the Company shall, within the time period outlined above, decrease such funding by the amount of such excess.

ARTICLE 22

TAXES

A. In consideration of the terms under which this Contract is issued, the Company undertakes not to claim any deduction of the premium hereon when making Canadian tax returns or when making tax returns, other than Income or Profits Tax returns, to any state or territory of the United States of America or to the District of Columbia.

B. 1. Each Subscribing Reinsurer has agreed to allow, for the purpose of paying the Federal Excise Tax, the applicable percentage of the premium payable hereon (as imposed under the Internal Revenue Code) to the extent such premium is subject to Federal Excise Tax.

2. In the event of any return of premium becoming due hereunder, the Subscribing Reinsurer shall deduct the applicable percentage of the premium from the amount of the return, and the Company or its agent should take steps to recover the Tax from the U.S. Government.

ARTICLE 23

ACCESS TO RECORDS

A. The Reinsurer or its duly authorized representatives shall have the right to visit the offices of the Company to inspect, examine, audit, and verify any of the policy, accounting or claim files ("Records") relating to business reinsured under this Contract during regular business hours after giving five working days' prior notice. This right shall be exercisable during the term of this Contract or after the expiration of this Contract. Notwithstanding the above, the Reinsurer shall not have any right of access to the Records of the Company if it is not current in all undisputed payments due the Company.

B. Notwithstanding the above, the Company reserves the right to withhold from the Reinsurer any Privileged Documents. However, the Company shall permit and not object to the Reinsurer's access to Privileged Documents in connection with the underlying claim reinsured hereunder following final settlement or final adjudication of the case or cases involving such claim, with prejudice against all claimants and all parties to such adjudications; the Company may defer release of such Privileged Documents if there are subrogation, contribution, or other third party actions with respect to that claim or case, and the Company's defense might be jeopardized by release of such Privileged Documents. In the event that the Company seeks to defer release of such Privileged Documents, it shall, in consultation with the Reinsurer, take other steps as reasonably necessary to provide the Reinsurer with the information it reasonably requires to indemnify the Company without causing a loss of such privileges or protections. The Reinsurer shall not have access to Privileged Documents relating to any dispute between the Company and the Reinsurer.

C. For purposes of this Article:

1. "Privileged Documents" means any documents that are Attorney-Client Privilege Documents and/or Work Product Privilege Documents.

2. "Attorney-Client Privilege Documents" means communications of a confidential nature between (a) the Company, or anyone retained by or at the direction of the Company, or its in-house or outside legal counsel, or anyone in the control of such legal counsel, and (b) any in-house or outside legal counsel, if such communications relate to legal advice being sought by the Company and/or contain legal advice being provided to the Company.

3. "Work Product Privilege Documents" means communications, written materials and tangible things prepared by or for in-house or outside counsel, or prepared by or for the

Company, in anticipation of or in connection with litigation, arbitration, or other dispute resolution proceedings.

ARTICLE 24

CONFIDENTIALITY

A. The Reinsurer hereby acknowledges that the documents, information and data provided to it by the Company, whether directly or through an authorized agent, in connection with the placement and execution of this Contract ("Confidential Information") are proprietary and confidential to the Company. Confidential Information shall not include documents, information or data that the Reinsurer can show:

1. are publicly known or have become publicly known through no unauthorized act of the Reinsurer;

2. have been rightfully received from a third person without obligation of confidentiality; or

3. were known by the Reinsurer prior to the placement of this Contract without an obligation of confidentiality.

B. Absent the written consent of the Company, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies, except:

1. when required by retrocessionaires as respects business ceded to this Contract;

2. when required by regulators performing an audit of the Reinsurer's records and/or financial condition; or

3. when required by external auditors performing an audit of the Reinsurer's records in the normal course of business; or

4. when necessary for the performance of services by service providers employed by the Reinsurer under confidentiality obligations no less restrictive than this article.

Further, the Reinsurer agrees not to use any Confidential Information for any purpose not related to the performance of its obligations or enforcement of its rights under this Contract or the Reinsurer's ordinary reinsurance operations.

C. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process or any regulatory authority to release or disclose any or all of the Confidential Information, the Reinsurer agrees to provide the Company with written notice of same at least 10 days prior to such release or disclosure and to use its best efforts to assist the Company in maintaining the confidentiality provided for in this Article.

D. The provisions of this Article shall extend to the officers, directors and employees of the Reinsurer and its affiliates, and shall be binding upon their successors and assigns.

E. Notwithstanding the above, this Confidentiality Article and the Access to Records Article of this Contract shall comply with the confidentiality and non-disclosure agreement previously signed by the Company and the Reinsurer (the "NDA"). The provisions of the NDA shall prevail in the event of conflict between the provisions of this Contract and the provisions of the NDA.

ARTICLE 25

INDEMNIFICATION AND ERRORS AND OMISSIONS

A. The Reinsurer is reinsuring, subject to the terms and conditions of this Contract, the obligations of the Company under any Policy. The Company shall be the sole judge as to:

1. what shall constitute a claim or loss covered under any Policy;

2. the Company's liability thereunder;

3. the amount or amounts that it shall be proper for the Company to pay thereunder.

B. The Reinsurer shall be bound by the judgment of the Company as to the obligation(s) and liability(ies) of the Company under any Policy.

C. Any inadvertent error, omission or delay in complying with the terms and conditions of this Contract shall not be held to relieve either party hereto from any liability that would attach to it hereunder if such error, omission or delay had not been made, provided such error, omission or delay is rectified immediately upon discovery.

ARTICLE 26

INSOLVENCY

A. If more than one reinsured company is referenced within the definition of "Company" in the Preamble to this Contract, this Article shall apply severally to each such company. Further, this Article and the laws of the domiciliary location shall apply in the event of the insolvency of any company covered hereunder. In the event of a conflict between any provision of this Article and the laws of the domiciliary location of any company covered hereunder, that domiciliary location's laws shall prevail.

B. In the event of the insolvency of the Company, this reinsurance (or the portion of any risk or obligation assumed by the Reinsurer, if required by applicable law) shall be payable directly to the Company, or to its liquidator, receiver, conservator or statutory successor, either: (1) on the basis of the liability of the Company, or (2) on the basis of claims filed and allowed in the liquidation proceeding, whichever may be required by applicable statute, without

diminution because of the insolvency of the Company or because the liquidator, receiver, conservator or statutory successor of the Company has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Company shall give written notice to the Reinsurer of the pendency of a claim against the Company indicating the Policy or bond reinsured, which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense or defenses that it may deem available to the Company or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Company as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit that may accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

C. Where two or more reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this reinsurance Contract as though such expense had been incurred by the Company.

D. As to all reinsurance made, ceded, renewed or otherwise becoming effective under this Contract, the reinsurance shall be payable as set forth above by the Reinsurer to the Company or to its liquidator, receiver, conservator or statutory successor, (except as provided by Section 4118(a)(1)(A) of the New York Insurance Law, provided the conditions of 1114(c) of such law have been met, if New York law applies) or except (1) where the Contract specifically provides another payee in the event of the insolvency of the Company, or (2) where the Reinsurer, with the consent of the direct insured or insureds, has assumed such Policy obligations of the Company as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Company to such payees. Then, and in that event only, the Company, with the prior approval of the certificate of assumption on New York risks by the Superintendent of Financial Services of the State of New York, or with the prior approval of such other regulatory authority as may be applicable, is entirely released from its obligation and the Reinsurer shall pay any loss directly to payees under such Policy.

ARTICLE 27

ARBITRATION

A. Any dispute arising out of the interpretation, performance or breach of this Contract, including the formation or validity thereof, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration shall be in writing and sent certified or registered mail, return receipt requested.

B. One arbitrator shall be chosen by each party and the two arbitrators shall then choose an impartial third arbitrator who shall preside at the hearing. If either party fails to appoint its arbitrator within 30 days after being requested to do so by the other party, the latter, after 10 days' prior notice by certified or registered mail of its intention to do so, may appoint the second arbitrator.

C. If the two arbitrators do not agree on a third arbitrator within 60 days of their appointment, the third arbitrator shall be chosen in accordance with the procedures for selecting the third arbitrator in force on the date the arbitration is demanded, established by the AIDA Reinsurance and Insurance Arbitration Society – U.S. (ARIAS). The members of the arbitration panel will be impartial, disinterested, and not currently representing any party participating in the arbitration, and will be current or former senior officers of insurance or reinsurance concerns, experienced in the line(s) of business that are the subject of this Contract. If a member of the panel dies, becomes disabled or is otherwise unwilling or unable to serve, a substitute shall be selected in the same manner as the departing member was chosen and the arbitration shall continue.

D. Within 30 days after all arbitrators have been appointed, the panel shall meet and determine timely periods for briefs, discovery procedures and schedules of hearings.

E. The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. Notwithstanding anything to the contrary in this Contract, the arbitrators may at their discretion, consider underwriting and placement information provided by the Company to the Reinsurer, as well as any correspondence exchanged by the parties that is related to this Contract. Unless the panel agrees otherwise, arbitration shall take place in New York, New York, but the venue may be changed when deemed by the panel to be in the best interest of the arbitration proceeding. Insofar as the arbitration panel looks to substantive law, it shall consider the law of the State of New York. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

F. The panel shall interpret this Contract as an honorable engagement rather than as merely a legal obligation and shall make its decision considering the custom and practice of the applicable insurance and reinsurance business as promptly as possible after the hearings. Judgment upon an award may be entered in any court having jurisdiction thereof.

G. Each party shall bear the expense of its own arbitrator and shall jointly and equally bear with the other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorneys' fees, to the extent permitted by law.

ARTICLE 28

SERVICE OF SUIT

A. This Article applies only to those Subscribing Reinsurers not domiciled in the United States of America, and/or not authorized in any state, territory and/or district of the United States of America where authorization is required by insurance regulatory authorities.

B. This Article shall not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration Article. This Article is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to the Arbitration Article for resolving disputes arising out of this Contract.

C. In the event of the failure of the Reinsurer to perform its obligations hereunder, the Reinsurer, at the request of the Company, shall submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Reinsurer, once the appropriate court is selected, whether such court is the one originally chosen by the Company and accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, shall comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against the Reinsurer upon this Contract, shall abide by the final decision of such court or of any appellate court in the event of an appeal.

D. Service of process in such suit may be made upon:

1. as respects Underwriting Members of Lloyd's, London: Lloyd's America, Inc., Attention: Legal Department, 280 Park Avenue, East Tower, 25th Floor, New York, New York 10017;

2. as respects any other Subscribing Reinsurer: Messrs. Mendes and Mount, 750 Seventh Avenue, New York, New York 10019-6829, or another party specifically designated in the Subscribing Reinsurer's Interests and Liabilities Agreement attached hereto.

The above-named are authorized and directed to accept service of process on behalf of the Reinsurer in any such suit.

E. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefor, the Reinsurer hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Contract, and hereby

designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

ARTICLE 29

SEVERABILITY

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any location, such provision shall be considered void in such location, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 30

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation by the laws of the State of New York, exclusive of conflict of law rules. However, with respect to credit for reinsurance, the rules of all applicable states shall apply.

ARTICLE 31

ENTIRE AGREEMENT

This Contract, together with the Non Disclosure Agreement with the Reinsurer, sets forth all of the duties and obligations between the Company and the Reinsurer and supersedes any and all prior or contemporaneous written agreements with respect to matters referred to in this Contract. This Contract may only be modified or changed by an amendment in writing that shall be signed by both parties and submitted for approval to the Superintendent of the New York Department of Financial Services. However, this Article shall not be construed as limiting the admissibility of evidence regarding the formation, interpretation, purpose or intent of this Contract.

ARTICLE 32

NON-WAIVER

The failure of the Company or the Reinsurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights contained in this Contract nor prevent either party from thereafter demanding full and complete compliance nor prevent either party from exercising such remedy in the future.

ARTICLE 33

AGENCY AGREEMENT

For purposes of sending and receiving notices and payments required by this Contract, Lemonade Insurance Company shall be deemed the agent of all other reinsured companies referenced in this Contract. In no event, however, shall any reinsured company be deemed the agent of another with respect to the terms of the Insolvency Article.

ARTICLE 34

INTERMEDIARY

Guy Carpenter & Company, LLC, is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including notices, statements, premiums, return premiums, commissions, taxes, losses, Loss Adjustment Expenses, salvages, and loss settlements) relating thereto shall be transmitted to the Company or the Reinsurer through the Intermediary. Payments by the Company to the Intermediary shall be deemed payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed payment to the Company only to the extent that such payments are actually received by the Company.

ARTICLE 35

MODE OF EXECUTION

A. This Contract may be executed by:

   1. an original written ink signature of paper documents;

   2. an exchange of facsimile copies showing the original written ink signature of paper documents;

   3. electronic signature technology employing computer software and a digital signature or digitizer pen pad to capture a person's handwritten signature in such a manner that the signature is unique to the person signing, is under the sole control of the person signing, is capable of verification to authenticate the signature and is linked to the document signed in such a manner that if the data is changed, such signature is invalidated.

B. The use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this Contract. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

IN WITNESS WHEREOF, the Company has caused this Contract to be executed by its duly authorized representative(s), who also confirms the Company's review of and agreement to be bound by the terms and conditions of the Interests and Liabilities Agreements attached to and forming part of this Contract,

Signed in _____ this _____day of _____, in the year of 20____.

LEMONADE INSURANCE COMPANY

By: Title: President/CEO

and signed in _____ this _____day of _____, in the year of 20____.

METROMILE INSURANCE COMPANY

By: Title:

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT

NUCLEAR INCIDENT EXCLUSION CLAUSE - PHYSICAL DAMAGE - REINSURANCE - U.S.A.

1. This Reinsurance does not cover any loss or liability accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this clause, this Reinsurance does not cover any loss or liability accruing to the Reassured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and "critical facilities" as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of "special nuclear material", and for reprocessing, salvaging, chemically separating, storing or disposing of "spent" nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reassured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. It is understood and agreed that this clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reassured to be the primary hazard.

6. The term "special nuclear material" shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.

7. Reassured to be sole judge of what constitutes:

   (a) substantial quantities, and

   (b) the extent of installation, plant or site.

Note: Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

   (a) all policies issued by the Reassured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

   (b) with respect to any risk located in Canada policies issued by the Reassured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

12/12/57
NMA 1119

NOTES: Wherever used herein the terms:

"Reassured" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

NUCLEAR INCIDENT EXCLUSION CLAUSE - LIABILITY - REINSURANCE - U.S.A.

(1) This reinsurance does not cover any loss or liability accruing to the Reassured as a member of, or subscriber to, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such member, subscriber or association.

(2) Without in any way restricting the operation of paragraph (1) of this Clause it is understood and agreed that for all purposes of this reinsurance all the original policies of the Reassured (new, renewal and replacement) of the classes specified in Clause II of this paragraph (2) from the time specified in Clause III in this paragraph (2) shall be deemed to include the following provision (specified as the Limited Exclusion Provision):

Limited Exclusion Provision.*

I. It is agreed that the policy does not apply under any liability coverage, to

injury, sickness, disease, death or destruction

bodily injury or property damage

with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability.

II. Family Automobile Policies (liability only), Special Automobile Policies (private passenger automobiles, liability only), Farmers Comprehensive Personal Liability Policies (liability only), Comprehensive Personal Liability Policies (liability only) or policies of a similar nature; and the liability portion of combination forms related to the four classes of policies stated above, such as the Comprehensive Dwelling Policy and the applicable types of Homeowners Policies.

III. The inception dates and thereafter of all original policies as described in II above, whether new, renewal or replacement, being policies which either

(a) become effective on or after 1st May, 1960, or

(b) become effective before that date and contain the Limited Exclusion Provision set out above;

provided this paragraph (2) shall not be applicable to Family Automobile Policies, Special Automobile Policies, or policies or combination policies of a similar nature, issued by the Reassured on New York risks, until 90 days following approval of the Limited Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(3) Except for those classes of policies specified in Clause II of paragraph (2) and without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that for all purposes of this reinsurance the original liability policies of the Reassured (new, renewal and replacement) affording the following coverages:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability)

shall be deemed to include, with respect to such coverages, from the time specified in Clause V of this paragraph (3), the following provision (specified as the Broad Exclusion Provision):

Broad Exclusion Provision.*

It is agreed that the policy does not apply:

I. Under any Liability Coverage, to

injury, sickness, disease, death or destruction

bodily injury or property damage

(a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to

immediate medical or surgical relief

first aid,

to expenses incurred with respect to

bodily injury, sickness, disease or death

bodily injury

resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage, to

injury, sickness, disease, death or destruction

bodily injury or property damage

resulting from the hazardous properties of nuclear material, if

(a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;

(b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(c) the

injury, sickness, disease, death or destruction

bodily injury or property damage

arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to

injury to or destruction of property at such nuclear facility.

property damage to such nuclear facility and any property thereat.

IV. As used in this endorsement:

"**hazardous properties**" include radioactive, toxic or explosive properties; "**nuclear material**" means source material, special nuclear material or byproduct material; "**source material**", "**special nuclear material**", and "**byproduct material**" have the

meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; "**spent fuel**" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "**waste**" means any waste material (1) containing byproduct material other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content and (2) resulting from the operation by any person or organization of any nuclear facility included under the first two paragraphs of the definition of nuclear facility; "**nuclear facility**" means

(a) any nuclear reactor,

(b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,

(c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "**nuclear reactor**" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

With respect to injury to or destruction of property, the word "injury" or "destruction" includes all forms of radioactive contamination of property. "property damage" includes all forms of radioactive contamination of property.

V. The inception dates and thereafter of all original policies affording coverages specified in this paragraph (3), whether new, renewal or replacement, being policies which become effective on or after 1st May, 1960, provided this paragraph (3) shall not be applicable to

(i) Garage and Automobile Policies issued by the Reassured on New York risks, or

(ii) statutory liability insurance required under Chapter 90, General Laws of Massachusetts,

until 90 days following approval of the Broad Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(4) Without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that paragraphs (2) and (3) above are not applicable to original liability policies of the Reassured in Canada and that with respect to such policies this Clause shall be deemed to include the Nuclear Energy Liability Exclusion Provisions adopted by the Canadian Underwriters' Association or the Independent Insurance Conference of Canada.

***NOTE. The words printed in italics in the Limited Exclusion Provision and in the Broad Exclusion Provision shall apply only in relation to original liability policies which include a Limited Exclusion Provision or a Broad Exclusion Provision containing those words.**

NOTES: Wherever used herein the terms:

"Reassured" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

21/9/67
NMA 1590 (amended)

NUCLEAR ENERGY RISKS EXCLUSION CLAUSE (REINSURANCE) (1994)
(WORLDWIDE EXCLUDING U.S.A. AND CANADA)

This Agreement shall exclude Nuclear Energy Risks whether such risks are written directly and/or by way of reinsurance and/or via Pools and/or Associations.

For all purposes of this Agreement Nuclear Energy Risks shall mean all first party and/or third party insurances or reinsurances (other than Workers' Compensation and Employers' Liability) in respect of:

(I) All Property on the site of a nuclear power station.

Nuclear Reactors, reactor buildings and plant and equipment therein on any site other than a nuclear power station.

(II) All Property, on any site (including but not limited to the sites referred to in (I) above) used or having been used for:

(a) the generation of nuclear energy; or

(b) the Production, Use or Storage of Nuclear Material.

(III) Any other Property eligible for insurance by the relevant local Nuclear Insurance Pool and/or Association but only to the extent of the requirements of that local Pool and/or Association.

(IV) The supply of goods and services to any of the sites, described in (I) to (III) above, unless such insurances or reinsurances shall exclude the perils of irradiation and contamination by Nuclear Material.

Except as undernoted, Nuclear Energy Risks shall not include:

(i) Any insurance or reinsurance in respect of the construction or erection or installation or replacement or repair or maintenance or decommissioning of Property as described in (I) to (III) above (including contractors' plant and equipment);

(ii) Any Machinery Breakdown or other Engineering insurance or reinsurance not coming within the scope of (i) above.

Provided always that such insurance or reinsurance shall exclude the perils of irradiation and contamination by Nuclear Material.

However, the above exemption shall not extend to:

(1) The provision of any insurance or reinsurance whatsoever in respect of:

(a) Nuclear Material;

(b) Any Property in the High Radioactivity Zone or Area of any Nuclear Installation as from the introduction of Nuclear Material or - for reactor installations - as from fuel loading or first criticality where so agreed with the relevant local Nuclear Insurance Pool and/or Association.

(2) The provision of any insurance or reinsurance for the undernoted perils:

- fire, lightning, explosion;
- earthquake;
- aircraft and other aerial devices or
- articles dropped therefrom;
- irradiation and radioactive contamination;
- any other peril insured by the relevant local Nuclear Insurance Pool and/or Association;

in respect of any other Property not specified in (1) above which directly involves the Production, Use or Storage of Nuclear Material as from the introduction of Nuclear Material into such Property.

Definitions

"Nuclear Material" means:

(i) Nuclear fuel, other than natural uranium and depleted uranium, capable of producing energy by a self-sustaining chain process of nuclear fission outside a Nuclear Reactor, either alone or in combination with some other material; and

(ii) Radioactive Products or Waste.

"Radioactive Products or Waste" means any radioactive material produced in, or any material made radioactive by exposure to the radiation incidental to the production or utilization of nuclear fuel, but does not include radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial or industrial purpose.

"Nuclear Installation" means:

(i) Any Nuclear Reactor;

(ii) Any factory using nuclear fuel for the production of Nuclear Material, or any factory for the processing of Nuclear Material, including any factory for the reprocessing of irradiated nuclear fuel; and

(iii) Any facility where Nuclear Material is stored, other than storage incidental to the carriage of such material.

"Nuclear Reactor" means any structure containing nuclear fuel in such an arrangement that a self-sustaining chain process of nuclear fission can occur therein without an additional source of neutrons.

"Production, Use or Storage of Nuclear Material" means the production, manufacture, enrichment, conditioning, processing, reprocessing, use, storage, handling and disposal of Nuclear Material.

"Property" shall mean all land, buildings, structures, plant, equipment, vehicles, contents (including but not limited to liquids and gases) and all materials of whatever description whether fixed or not.

"High Radioactivity Zone or Area" means:

(i) For nuclear power stations and Nuclear Reactors, the vessel or structure which immediately contains the core (including its supports and shrouding) and all the contents thereof, the fuel elements, the control rods and the irradiated fuel store; and

(ii) For non-reactor Nuclear Installations, any area where the level of radioactivity requires the provision of a biological shield.

N.M.A. 1975(a)
April 1, 1994

NOTES: Wherever used herein the terms:

"Reinsured" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

TRUST AGREEMENT REQUIREMENTS CLAUSE

A. Except as provided in paragraph B of this Clause, if the Reinsurer satisfies its funding obligations under the Unauthorized Reinsurance Article by providing a Trust Agreement, the Reinsurer shall ensure that the Trust Agreement:

1. Requires the Reinsurer to establish a trust account for the benefit of the Company, and specifies what the Trust Agreement is to cover;

2. Stipulates that assets deposited in the trust account shall be valued according to their current fair market value and shall consist only of cash (United States legal tender), certificates of deposit (issued by a United States bank and payable in United States legal tender), and investments of the types permitted by the regulatory authorities having jurisdiction over the Company's reserves, or any combination of the three, provided that the investments are issued by an institution that is not the parent, subsidiary or affiliate of either the Reinsurer or the Company;

3. Requires the Reinsurer, prior to depositing assets with the trustee, to execute assignments or endorsements in blank, or to transfer legal title to the trustee of all shares, obligations or any other assets requiring assignments, in order that the Company, or the trustee upon the direction of the Company, may whenever necessary negotiate these assets without consent or signature from the Reinsurer or any other entity;

4. Requires that all settlements of account between the Company and the Reinsurer be made in cash or its equivalent; and

5. Provides that assets in the trust account shall be withdrawn only as permitted in this Contract, without diminution because of the insolvency of the Company or the Reinsurer.

B. If a ceding insurer is domiciled in California and the Reinsurer satisfies its funding obligations under the Unauthorized Reinsurance Article by providing a Trust Agreement, the Reinsurer shall ensure that the Trust Agreement:

1. Provides that assets deposited in the trust account shall be valued according to their current fair market value and shall consist only of cash in United States dollars, certificates of deposit issued by a United States financial institution as defined in California Insurance Code Section 922.7(a) and payable in United States dollars, and investments permitted by the California Insurance Code, or any combination of the above.

2. Provides that investments in or issued by an entity controlling, controlled by or under common control with either the grantor or the beneficiary of the trust shall not exceed 5% of total investments.

3. Requires the Reinsurer, prior to depositing assets with the trustee, to execute assignments or endorsements in blank, or to transfer legal title to the trustee of all shares, obligations or any other assets requiring assignments, in order that the ceding insurer, or the trustee upon the direction of the ceding insurer, may, whenever necessary, negotiate these assets without consent or signature from the Reinsurer or any other entity.

4. Provides that assets in the trust account shall be withdrawn only as permitted in this Contract, without diminution because of the insolvency of the ceding insurer or the Reinsurer.

C. If there are multiple ceding insurers that collectively comprise the Company, "regulatory authorities" as referenced in subparagraph A(2) above, shall mean the individual ceding insurer's domestic regulator.

POOLS, ASSOCIATIONS & SYNDICATES EXCLUSION CLAUSE

Section A:

This Contract excludes:

a. All business derived directly or indirectly from any Pool, Association or Syndicate which maintains its own reinsurance facilities.

b. Any Pool or Scheme (whether voluntary or mandatory) formed after March 1, 1968 for the purpose of insuring property, whether on a country-wide basis or in respect of designated areas. This exclusion shall not apply to so-called Automobile Insurance Plans or other Pools formed to provide coverage for Automobile Physical Damage.

Section B:

1. This Contract excludes business written by the Company for the same perils, which is known at the time to be insured by, or in excess of underlying amounts placed in, any Pool, Association or Syndicate, whether by way of insurance or reinsurance, formed for the purpose of writing any of the following:

   Oil, Gas or Petro-Chemical Plants

   Oil or Gas Drilling Rigs and/or

   Aviation Risks

2. The exclusion under paragraph 1 of this Section B does not apply:

   a. Where the Total Insured Value over all interests of the risk in question is less than $250,000,000.

   b. To interests traditionally underwritten as Inland Marine and/or Stock and/or Contents written on a Blanket basis.

   c. To Contingent Business Interruption, except when the Company is aware that the key location is known at the time to be insured in any Pool, Association or Syndicate named above, other than as provided for under subparagraph (a).

NOTES: Wherever used herein the terms:

"Company" shall be understood to mean "Company", "Reinsured", "Reassured" or whatever other term is used in the attached reinsurance document to designate the reinsured company or companies.

"Agreement" shall be understood to mean "Agreement", "Contract", "Policy" or whatever other term is used to designate the attached reinsurance document.

"Reinsurers" shall be understood to mean "Reinsurers", "Underwriters" or whatever other term is used in the attached reinsurance document to designate the reinsurer or reinsurers.

COMMUNICABLE DISEASE EXCLUSION (PROPERTY TREATY REINSURANCE)

1. Notwithstanding any provision to the contrary, this reinsurance agreement excludes any loss, damage, liability, claim, cost or expense of whatsoever nature, directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease regardless of any other cause or event contributing concurrently or in any other sequence thereto.

2. Subject to the other terms, conditions and exclusions contained in this reinsurance agreement, this exclusion does not apply to any covered loss, damage, liability, claim, cost or expense directly caused by, resulting from, or arising out of physical damage to property insured under the original policies and any Time Element Loss resulting therefrom where such physical damage is directly caused by or arising from one or more of the perils otherwise covered under this reinsurance agreement. For the avoidance of doubt any such losses as described in this paragraph will not be diminished by any other direct or indirectly contributing effect of a Communicable Disease.

3. Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

    a. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and

    b. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and

    c. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.

4. Time Element Loss means business interruption, contingent business interruption or any other consequential losses.

LMA 5503 (amended for coverage write-back clarification)

December 2020

CYBER LOSS LIMITED EXCLUSION CLAUSE (PROPERTY TREATY REINSURANCE) NO. 1

1. Notwithstanding any provision to the contrary within this reinsurance agreement or any endorsement thereto, this reinsurance agreement excludes all loss, damage, liability, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with:

   1.1 any loss of, alteration of, or damage to or a reduction in the functionality, availability or operation of a Computer System, unless subject to the provisions of paragraph 2;

   1.2 any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data.

2. Subject to the other terms, conditions and exclusions contained in this reinsurance agreement, this reinsurance agreement will cover physical damage to property insured under the original policies and any Time Element Loss directly resulting therefrom where such physical damage is directly occasioned by any of the following perils:

   fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, flood, freeze or weight of snow

Definitions

3. Computer System means any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility.

4. Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

5. Time Element Loss means business interruption, contingent business interruption or any other consequential losses.

LMA5410

06 March 2020

INTERESTS AND LIABILITIES AGREEMENT

(the "Agreement")

of

SWISS REINSURANCE AMERICA CORPORATION

(the "Subscribing Reinsurer")

as respects the

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT
Effective: July 1, 2024

(the "Contract")

issued to and executed by

LEMONADE INSURANCE COMPANY
New York, New York

and

METROMILE INSURANCE COMPANY
Wilmington, Delaware

(collectively, the "Company")

The Subscribing Reinsurer's share in the interests and liabilities of the Reinsurer as set forth in the Contract shall be [***]% share of 100.00%.

The share of the Subscribing Reinsurer in the interests and liabilities of the Reinsurer in respect of the Contract shall be separate and apart from the shares of other subscribing reinsurers, if any, on the Contract. The interests and liabilities of the Subscribing Reinsurer shall not be joint with those of such other subscribing reinsurers and in no event shall the Subscribing Reinsurer participate in the interests and liabilities of such other subscribing reinsurers.

This Agreement shall become effective at 12:01 a.m., Standard Time, July 1, 2024 and shall be subject to the provisions of the Term Article and the Special Termination Article and all other terms and conditions of the Contract.

Premium and loss payments made to Guy Carpenter shall be deposited in a Premium and Loss Account in accordance with Section 32.3(a)(1) of Regulation 98 of the Department of Financial Services of the State of New York. The Subscribing Reinsurer consents to withdrawals from said account in accordance with Section 32.3(a)(3) of the Regulation, including interest and Federal Excise Tax.

Brokerage hereunder is [***]% of gross ceded premium.

IN WITNESS WHEREOF, the Subscribing Reinsurer has caused this Agreement to be executed by its duly authorized representative as follows:

on this _____ day of _____, in the year _____.

SWISS REINSURANCE AMERICA CORPORATION

By: _____ Title: _____

Reference:

LEMONADE INSURANCE COMPANY
and
METROMILE INSURANCE COMPANY

WHOLE ACCOUNT QUOTA SHARE REINSURANCE CONTRACT

Exhibit 31.1

CERTIFICATION

I, Daniel Schreiber, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lemonade, 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 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 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: July 31, 2024

By: /s/ Daniel Schreiber

Daniel Schreiber

Chief Executive Officer

(principal executive officer)

Exhibit 31.2

CERTIFICATION

I, Tim Bixby, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lemonade, 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 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 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: July 31, 2024

By: /s/ Tim Bixby

Tim Bixby

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 Quarterly Report on Form 10-Q of Lemonade, Inc. (the "Company") for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel Schreiber, 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, to my knowledge:

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: July 31, 2024

By: /s/ Daniel Schreiber
Daniel Schreiber
Chief Executive Officer
(*principal executive officer*)

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 Quarterly Report on Form 10-Q of Lemonade, Inc. (the "Company") for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tim Bixby, 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, to my knowledge:

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: July 31, 2024

By: /s/ Tim Bixby

Tim Bixby

Chief Financial Officer

(*principal financial officer)*