

REFINITIV

DELTA REPORT

10-Q

HIPPO HOLDINGS INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1123

■ CHANGES	228
■ DELETIONS	446
■ ADDITIONS	449

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2023** **March 31, 2024**
OR

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

For the transition period from _____ to _____.
Commission file number 001-39711

HIPPO HOLDINGS INC.
(Exact name of registrant as specified in its charter)

Delaware	32-0662604
(State of incorporation)	(I.R.S. Employer Identification No.)
150 Forest Avenue	94301
Palo Alto, California	(Zip Code)
(Address of Principal Executive Offices)	
(650) 294-8463	
(Registrant's telephone number, including area code)	
Not Applicable	
(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, \$0.0001 par value per share	HIPO	New York Stock Exchange
Warrants to purchase common stock	HIPO.WS	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/> <input checked="" type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> <input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/> <input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 Act). Yes No

The registrant had outstanding **23,887,240** **24,429,711** shares of common stock as of **October 24, 2023** **April 22, 2024**.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q of Hippo Holdings Inc. ("Hippo," the "Company," "we," "us" and "our") contains statements that are forward-looking and as such are not historical facts. This includes, without limitation, statements regarding the financial position, business strategy and the plans and objectives of management for our future operations. These statements constitute projections, forecasts and forward-looking statements, and are not guarantees of performance. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. When used in this Quarterly Report on Form 10-Q, words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "strive," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this Quarterly Report on Form 10-Q may include, for example, statements about:

- our future results of operations and financial condition and our ability to attain profitability;
- our ability to grow our business and, if such growth occurs, to effectively manage such growth;
- customer satisfaction and our ability to attract, retain, and expand our customer base;
- our ability to maintain and enhance our brand and reputation;
- our business strategy, including our diversified distribution strategy and our plans to expand into new markets and new products;
- the effects of seasonal trends on our results of operations;
- our expectations about our book of business, including our ability to cross-sell and to attain greater value from each customer;
- our ability to compete effectively in our industry;
- our ability to maintain reinsurance contracts and our near- and long-term strategies and expectations with respect to cession of insurance risk;
- our ability to utilize our proprietary technology;
- our ability to underwrite risks accurately and charge profitable rates;

- our ability to leverage our data, technology and geographic diversity to help manage risk;
- our ability to protect our intellectual property;
- our ability to expand our product offerings or improve existing ones;
- our ability to attract and retain personnel, including our officers and key employees;
- potential harm caused by misappropriation of our data and compromises in cybersecurity;
- potential harm caused by changes in internet search engines' methodologies;
- our expected use of cash on our balance sheet, our future capital needs and our ability to raise additional capital;
- fluctuations in our results of operations and operating metrics;
- our ability to receive, process, store, use and share data, and compliance with laws and regulations related to data privacy and data security;
- our ability to stay in compliance with laws and **regulation regulations** that currently apply, or become applicable, to our business both in the United States and internationally;
- our inability to predict the lasting impacts of COVID-19 to our business in particular, and the global economy generally;
- our public securities' liquidity and trading; and
- other factors detailed in the section titled "Risk Factors" in **Part II, Item 1A**, in this Quarterly Report on Form 10-Q.

These forward-looking statements are based on information available as of the date of this Quarterly Report on Form 10-Q, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of

any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. You should not place undue reliance on these forward-looking statements.

PART I - Financial Information

Item 1: Financial Statements

HIPPO HOLDINGS INC.
Condensed Consolidated Balance Sheets
 (In millions, except share and per share data)
 (Unaudited)

September 30, 2023 (Unaudited)	December 31, 2022 (Unaudited)	March 31, 2024	March 31, 2024	December 31, 2023

(Unaudited)			
Assets			
Assets		Assets	
Investments:	Investments:		
Fixed maturities available-for-sale, at fair value (amortized cost: \$148.5 million and \$127.3 million, respectively)	\$ 141.5	\$ 121.1	
Short-term investments, at fair value (amortized cost: \$188.6 million and \$325.6 million, respectively)	188.5	324.8	
Investments:			
Investments:			
Fixed maturities available-for-sale, at fair value (amortized cost: \$166.0 million and \$164.6 million, respectively)			
Fixed maturities available-for-sale, at fair value (amortized cost: \$166.0 million and \$164.6 million, respectively)			
Fixed maturities available-for-sale, at fair value (amortized cost: \$166.0 million and \$164.6 million, respectively)			
Short-term investments, at fair value (amortized cost: \$124.7 million and \$187.1 million, respectively)			
Total investments	330.0	445.9	
Cash and cash equivalents	Cash and cash equivalents	228.4	194.5
Restricted cash	Restricted cash	41.0	50.0
Accounts receivable, net of allowance of \$0.4 million and \$0.3 million, respectively		145.4	107.2
Accounts receivable, net of allowance of \$0.5 million and \$0.5 million, respectively			
Reinsurance recoverable on paid and unpaid losses and LAE	Reinsurance recoverable on paid and unpaid losses and LAE	297.3	286.3
Prepaid reinsurance premiums	Prepaid reinsurance premiums	375.5	309.9
Ceding commissions receivable	Ceding commissions receivable	79.9	45.8
Capitalized internal use software	Capitalized internal use software	46.9	38.8
Intangible assets	Intangible assets	23.6	26.9

Other assets	Other assets	79.0	63.6		
Total assets	Total assets	\$ 1,647.0	\$ 1,568.9		
Liabilities and stockholders' equity					
Liabilities:					
Liabilities:					
Loss and loss adjustment expense reserve					
Loss and loss adjustment expense reserve	Loss and loss adjustment expense reserve	\$ 359.9	\$ 293.8		
Unearned premiums	Unearned premiums	441.8	341.3		
Reinsurance premiums payable	Reinsurance premiums payable	291.1	207.1		
Provision for commission	Provision for commission	18.0	5.0		
Accrued expenses and other liabilities	Accrued expenses and other liabilities	124.9	128.2		
Accrued expenses and other liabilities					
Accrued expenses and other liabilities					
Total liabilities	Total liabilities	1,235.7	975.4		
Commitments and contingencies (Note 12)	Commitments and contingencies (Note 12)	Commitments and contingencies (Note 12)			
Stockholders' equity:	Stockholders' equity:				
Common stock, \$0.0001 par value per share; 80,000,000 and 80,000,000 shares authorized as of September 30, 2023 and December 31, 2022, respectively; 23,891,930 and 23,201,434 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	—				
Stockholders' equity:					
Stockholders' equity:					
Common stock, \$0.0001 par value per share; 80,000,000 and 80,000,000 shares authorized as of March 31, 2024 and December 31, 2023, respectively; 24,409,724 and 24,148,308 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	—				

Common stock, \$0.0001 par value per share; 80,000,000 and 80,000,000 shares authorized as of March 31, 2024 and December 31, 2023, respectively; 24,409,724 and 24,148,308 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively

Common stock, \$0.0001 par value per share; 80,000,000 and 80,000,000 shares authorized as of March 31, 2024 and December 31, 2023, respectively; 24,409,724 and 24,148,308 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively

Additional paid-in capital	Additional paid-in capital	1,606.1	1,558.0
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(7.1)	(7.0)
Accumulated deficit	Accumulated deficit	(1,192.0)	(961.1)
Total Hippo stockholders' equity	Total Hippo stockholders' equity	407.0	589.9
Noncontrolling interest	Noncontrolling interest	4.3	3.6
Total stockholders' equity	Total stockholders' equity	411.3	593.5
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 1,647.0	\$ 1,568.9

See Notes to the Condensed Consolidated Financial Statements

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HIPPO HOLDINGS INC.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(In millions, except share and per share data)
(Uaudited)

	Three Months Ended		Nine Months Ended			
	September 30,	2023	September 30,	2023		
Three Months Ended						
March 31,						
Three Months Ended						
March 31,						
Three Months Ended						
March 31,						
2024			2024		2023	
Revenue:	Revenue:					

Revenue:					
Revenue:					
Net earned premium					
Net earned premium					
Net earned premium	Net earned premium	\$ 32.9	\$ 10.7	\$ 69.0	\$ 30.9
Commission income, net	Commission income, net	14.2	14.3	47.8	38.7
Service and fee income	Service and fee income	4.9	3.2	11.9	10.3
Net investment income	Net investment income	5.7	2.5	16.5	4.0
Total revenue	Total revenue	57.7	30.7	145.2	83.9
Expenses:					
Expenses:					
Losses and loss adjustment expenses	Losses and loss adjustment expenses	36.5	23.9	150.9	75.6
Losses and loss adjustment expenses					
Insurance related expenses	Insurance related expenses	20.3	15.6	54.8	46.2
Technology and development	Technology and development	11.9	14.8	36.6	46.0
Sales and marketing	Sales and marketing	18.9	29.4	63.9	73.7
General and administrative	General and administrative	20.7	19.0	62.0	53.7
Impairment and restructuring charges	Impairment and restructuring charges	—	55.3	—	55.3
Interest and other (income) expense	Interest and other (income) expense	—	(0.1)	0.5	(1.4)
Other expense, net					
Total expenses	Total expenses	108.3	157.9	368.7	349.1
Total expenses					
Total expenses					
Loss before income taxes	Loss before income taxes	(50.6)	(127.2)	(223.5)	(265.2)
Income tax expense (benefit)	Income tax expense (benefit)	(0.3)	0.3	0.2	0.8
Income tax expense					
Net loss	Net loss	(50.3)	(127.5)	(223.7)	(266.0)

Net income	Net income			
attributable to noncontrolling interests, net of tax	attributable to noncontrolling interests, net of tax	2.8	1.7	7.1
Net loss	Net loss			
attributable to Hippo	attributable to Hippo	\$ (53.1)	\$ (129.2)	\$ (230.8)
Other	Other			
comprehensive income (loss):	comprehensive income (loss):			
Change in net unrealized gain or loss on investments, net of tax	Change in net unrealized gain or loss on investments, net of tax	(0.7)	(2.9)	(0.1)
Change in net unrealized gain (loss) on investments, net of tax	Change in net unrealized gain (loss) on investments, net of tax			
Change in net unrealized gain (loss) on investments, net of tax	Change in net unrealized gain (loss) on investments, net of tax			
Comprehensive loss attributable to Hippo	Comprehensive loss attributable to Hippo	\$ (53.8)	\$ (132.1)	\$ (230.9)
Per share data:	Per share data:			
Per share data:	Per share data:			
Net loss attributable to Hippo - basic and diluted	Net loss attributable to Hippo - basic and diluted			
Net loss	Net loss	\$ (53.1)	\$ (129.2)	\$ (230.8)
attributable to Hippo - basic and diluted	attributable to Hippo - basic and diluted			
Weighted- average shares used in computing net loss per share	Weighted- average shares used in computing net loss per share			
attributable to Hippo - basic and diluted	attributable to Hippo - basic and diluted	23,729,570	22,839,916	23,440,555
Net loss per share	Net loss per share			
attributable to Hippo - basic and diluted	attributable to Hippo - basic and diluted	\$ (2.24)	\$ (5.66)	\$ (9.85)
				\$ (11.93)

See Notes to the **Condensed** Consolidated Financial Statements

HIPPO HOLDINGS INC.
Condensed Consolidated Statements of Stockholders' Equity
 (In millions, except share data)
 (Unaudited)

	Common Stock			Accumulated Other			Total Hippo	Non controlling	Total Stockholders' Equity
	Shares	Amount	in Capital	Comprehensive Income (Loss)	Accumulated Deficit	Stockholders' Equity			
Balance at January 1, 2024	24,148,308	\$ —	\$ 1,615.2	\$ (2.9)	\$ (1,234.4)	\$ 377.9	\$ 6.8	\$ 384.7	
Net loss	—	—	—	—	(35.7)	(35.7)	2.6	(33.1)	
Other comprehensive loss	—	—	—	(0.5)	—	(0.5)	—	(0.5)	
Issuance of common stock from stock plans and contingently issuable shares	261,416	—	1.2	—	—	1.2	—	1.2	
Shares withheld related to net share settlement	—	—	(1.2)	—	—	(1.2)	—	(1.2)	
Stock-based compensation expense	—	—	9.5	—	—	9.5	—	9.5	
Other	—	—	—	—	—	—	(5.8)	(5.8)	
Balance at March 31, 2024	24,409,724	\$ —	\$ 1,624.7	\$ (3.4)	\$ (1,270.1)	\$ 351.2	\$ 3.6	\$ 354.8	

	Common Stock			Accumulated Other			Total Hippo		
	Shares	Amount	in Capital	Comprehensive Income (Loss)	Accumulated Deficit	Stockholders' Equity	Non controlling	Total Stockholders' Equity	
Balance at January 1, 2023	23,201,434	\$ —	\$ 1,558.0	\$ (7.0)	\$ (961.1)	\$ 589.9	\$ 3.6	\$ 593.5	
Net loss	—	—	—	—	(69.8)	(69.8)	1.7	(68.1)	
Other comprehensive income	—	—	—	1.7	—	1.7	—	1.7	
Issuance of common stock from stock plans and contingently issuable shares	134,824	—	0.4	—	—	0.4	—	0.4	
Repurchase of common stock	(15,472)	—	(0.2)	—	—	(0.2)	—	(0.2)	
Shares withheld related to net share settlement	—	—	(0.9)	—	—	(0.9)	—	(0.9)	
Stock-based compensation expense	—	—	17.4	—	—	17.4	—	17.4	
Other	—	—	—	—	(0.2)	(0.2)	(0.6)	(0.8)	
Balance at March 31, 2023	23,320,786	\$ —	\$ 1,574.7	\$ (5.3)	\$ (1,031.1)	\$ 538.3	\$ 4.7	\$ 543.0	
Net loss	— \$	— \$	— \$	— \$	(107.8) \$	(107.8) \$	2.6 \$	(105.2)	
Other comprehensive loss	—	—	—	(1.1)	—	(1.1)	—	(1.1)	
Issuance of common stock from stock plans and contingently issuable shares	375,844	—	1.8	—	—	1.8	—	1.8	
Repurchase of common stock	(85,322)	—	(1.6)	—	—	(1.6)	—	(1.6)	
Shares withheld related to net share settlement	—	—	(2.0)	—	—	(2.0)	—	(2.0)	
Stock-based compensation expense	—	—	18.0	—	—	18.0	—	18.0	
Other	—	—	—	—	—	—	(5.9)	(5.9)	
Balance at June 30, 2023	23,611,308	\$ —	\$ 1,590.9	\$ (6.4)	\$ (1,138.9)	\$ 445.6	\$ 1.4	\$ 447.0	
Net loss	— \$	— \$	— \$	— \$	(53.1) \$	(53.1) \$	2.8 \$	(50.3)	
Other comprehensive loss	—	—	—	(0.7)	—	(0.7)	—	(0.7)	
Issuance of common stock from stock plans and contingently issuable shares	280,622	—	0.6	—	—	0.6	—	0.6	
Shares withheld related to net share settlement	—	—	(1.1)	—	—	(1.1)	—	(1.1)	
Stock-based compensation expense	—	—	15.7	—	—	15.7	—	15.7	
Other	—	—	—	—	—	—	0.1	0.1	
Balance at September 30, 2023	23,891,930	\$ —	\$ 1,606.1	\$ (7.1)	\$ (1,192.0)	\$ 407.0	\$ 4.3	\$ 411.3	

	Common Stock			Accumulated Other			Total Hippo	Non controlling	Total Stockholders' Equity
	Shares	Amount	in Capital	Comprehensive Income (Loss)	Accumulated Deficit	Stockholders' Equity			
Balance at January 1, 2023	23,201,434	\$ —	\$ 1,558.0	\$ (7.0)	\$ (961.1)	\$ 589.9	\$ 3.6	\$ 593.5	
Net loss	—	—	—	—	(69.8)	(69.8)	1.7	(68.1)	
Other comprehensive income	—	—	—	1.7	—	1.7	—	1.7	

Issuance of common stock from stock plans and contingently issuable shares	134,824	—	0.4	—	—	0.4	—	0.4
Repurchase of common stock	(15,472)	—	(0.2)	—	—	(0.2)	—	(0.2)
Shares withheld related to net share settlement	—	—	(0.9)	—	—	(0.9)	—	(0.9)
Stock-based compensation expense	—	—	17.4	—	—	17.4	—	17.4
Other	—	—	—	—	(0.2)	(0.2)	(0.6)	(0.8)
Balance at March 31, 2023	23,320,786	\$	—	\$	1,574.7	\$	(5.3)	\$

See Notes to the Condensed Consolidated Financial Statements

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HIPPO HOLDINGS INC.
Condensed Consolidated Statements of Stockholders' Equity Cash Flows
(In millions, except share data) millions
(Unaudited)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Stockholders' Equity	Non controlling Interests	Total Stockholders' Equity
	Shares	Amount					
Balance at January 1, 2022	22,601,245	\$	—	\$ 1,488.3	\$ (0.7)	\$ (628.0)	\$ 859.6
Net loss	—	—	—	—	(67.6)	(67.6)	1.1
Other comprehensive loss	—	—	—	(2.6)	—	(2.6)	—
Issuance of common stock from stock plans and contingently issuable shares	108,916	—	1.4	—	—	1.4	—
Shares withheld related to net share settlement	—	—	(1.0)	—	—	(1.0)	—
Stock-based compensation expense	—	—	15.7	—	—	15.7	—
Balance at March 31, 2022	22,710,161	\$	—	\$ 1,504.4	\$ (3.3)	\$ (695.6)	\$ 805.5
Net loss	—	\$	—	\$ —	\$ (73.5)	\$ (73.5)	\$ 1.5
Other comprehensive loss	—	—	—	(1.6)	—	(1.6)	—
Issuance of common stock from stock plans and contingently issuable shares	187,934	—	2.3	—	—	2.3	—
Repurchase of common stock	(3,599)	—	—	—	—	—	—
Shares withheld related to net share settlement	—	—	(1.7)	—	—	(1.7)	—
Stock-based compensation expense	—	—	17.8	—	—	17.8	—
Other	—	—	—	—	0.3	0.3	(2.4)
Balance at June 30, 2022	22,894,496	\$	—	\$ 1,522.8	\$ (4.9)	\$ (768.8)	\$ 749.1
Net loss	—	\$	—	\$ —	\$ (129.2)	\$ (129.2)	\$ 1.7
Other comprehensive loss	—	—	—	(2.9)	—	(2.9)	—
Issuance of common stock from stock plans and contingently issuable shares	166,770	—	0.4	—	—	0.4	—
Shares withheld related to net share settlement	—	—	(0.8)	—	—	(0.8)	—
Stock-based compensation expense	—	—	18.4	—	—	18.4	—
Other	—	—	—	—	—	—	—
Balance at September 30, 2022	23,061,266	\$	—	\$ 1,540.8	\$ (7.8)	\$ (898.0)	\$ 635.0

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (33.1)	\$ (68.1)

Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	5.6	4.3
Stock-based compensation expense	8.4	16.1
Fair value adjustments	1.5	1.0
Impairment charges	3.3	—
Other non-cash items	(2.4)	(1.8)
Changes in assets and liabilities:		
Accounts receivable, net	(8.7)	(26.4)
Reinsurance recoverable on paid and unpaid losses and LAE	(8.8)	(14.6)
Ceding commissions receivable	(8.4)	(14.1)
Prepaid reinsurance premiums	60.3	(16.9)
Other assets	(3.3)	(2.1)
Provision for commission	4.3	3.7
Accrued expenses and other liabilities	(6.1)	5.0
Loss and loss adjustment expense reserves	14.1	11.4
Unearned premiums	(12.0)	24.4
Reinsurance premiums payable	3.0	42.4
Net cash provided by (used in) operating activities	17.7	(35.7)
Cash flows from investing activities:		
Capitalized internal use software costs	(3.3)	(3.9)
Purchases of property and equipment	(0.1)	—
Purchases of fixed maturities	(17.3)	(21.9)
Maturities of fixed maturities	14.4	2.3
Sales of fixed maturities	0.6	0.8
Purchases of short-term investments	(37.6)	(89.3)
Maturities of short-term investments	101.8	119.8
Sales of short-term investments	—	7.0
Other	—	(1.0)
Net cash provided by investing activities	58.5	13.8
Cash flows from financing activities:		
Taxes paid related to net share settlement of equity awards	(1.1)	(0.9)
Proceeds from issuance of common stock	1.0	0.2
Share repurchases under program	—	(0.2)
Payments of contingent consideration	(0.3)	(0.4)
Distributions to noncontrolling interests and other	(7.6)	(0.6)
Net cash used in financing activities	(8.0)	(1.9)
Net increase (decrease) in cash, cash equivalents, and restricted cash	68.2	(23.8)
Cash, cash equivalents, and restricted cash at the beginning of the period	195.1	244.5
Cash, cash equivalents, and restricted cash at the end of the period	\$ 263.3	\$ 220.7

See Notes to the Condensed Consolidated Financial Statements

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HIPPO HOLDINGS INC.
Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

Cash flows from operating activities:	Nine Months Ended September 30,	
	2023	2022

Net loss	\$	(223.7)	\$	(266.0)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization		14.4		11.2
Stock-based compensation expense		46.7		46.3
Change in fair value of warrant liability		(0.2)		(2.8)
Change in fair value of contingent consideration liability		4.5		2.6
Impairment charges		—		53.5
Other non-cash items		(6.9)		(0.3)
Changes in assets and liabilities:				
Accounts receivable, net		(38.2)		(33.3)
Reinsurance recoverable on paid and unpaid losses and LAE		(11.0)		(70.4)
Ceding commissions receivable		(34.2)		(14.7)
Prepaid reinsurance premiums		(65.7)		(70.0)
Other assets		0.1		15.3
Provision for commission		13.0		1.1
Accrued expenses and other liabilities		6.6		15.5
Loss and loss adjustment expense reserves		66.1		60.7
Unearned premiums		100.6		63.4
Reinsurance premiums payable		84.0		56.5
Net cash used in operating activities		(43.9)		(131.4)
Cash flows from investing activities:				
Capitalized internal use software costs		(13.0)		(11.4)
Purchases of property and equipment		(29.2)		(4.8)
Purchases of investments		(290.7)		(645.4)
Maturities of investments		383.6		367.4
Sales of investments		29.8		5.5
Other		(0.9)		(2.0)
Net cash provided by (used in) investing activities		79.6		(290.7)
Cash flows from financing activities:				
Taxes paid related to net share settlement of equity awards		(4.0)		(3.5)
Proceeds from issuances of common stock		2.4		3.4
Share repurchases under program		(1.8)		—
Payments of contingent consideration		(1.0)		(0.4)
Distributions to noncontrolling interests		(6.5)		(2.2)
Other		0.1		(1.0)
Net cash used in financing activities		(10.8)		(3.7)
Net increase (decrease) in cash, cash equivalents, and restricted cash		24.9		(425.8)
Cash, cash equivalents, and restricted cash at the beginning of the period		244.5		818.7
Cash, cash equivalents, and restricted cash at the end of the period	\$	269.4	\$	392.9

See Notes to the Consolidated Financial Statements

HIPPO HOLDINGS INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Hippo Holdings Inc., referred to in these Notes to the Consolidated Financial Statements herein as "Hippo" or the "Company," specializes "Company" is an insurance holding company incorporated in the underwriting, administration, and marketing of personal Delaware. Hippo has subsidiaries that provide property and commercial casualty insurance policies, products to both individuals and business customers. The Company's subsidiary, Hippo Analytics Inc., is a licensed insurance agency that provides various insurance services, including some or all of the following services for affiliated and non-affiliated insurance carriers: soliciting, marketing, servicing, underwriting, or providing claims processing services for a variety of commercial and personal insurance products. Hippo Analytics Inc. offers its insurance products through licensed insurance agents and direct-to-consumer channels. The Company's insurance company subsidiaries, Spinnaker Insurance Company ("Spinnaker"), an Illinois domiciled insurance company, Spinnaker Specialty Insurance Company ("SSIC"), a Texas domiciled authorized surplus lines insurance company, and Mainsail Insurance Company ("MIC"), a Texas domiciled insurance company, underwrite personal and commercial insurance products on a direct basis through licensed insurance agents and surplus lines brokers. The Company has a wholly owned Cayman domiciled captive insurance company, RH Solutions Insurance (Cayman) Ltd. ("RHS"), which assumes insurance risk of policies from affiliated and non-affiliated insurance carriers.

The Company was incorporated headquarters are located in October 2020 under the name Reinvent Technology Partners Z ("RTPZ") as a Cayman Islands exempted company for the purpose of effecting a business combination. On August 2, 2021, RTPZ domesticated as a Delaware corporation, changed its name to "Hippo Holdings Inc." and consummated a series of mergers to acquire Hippo Enterprises Inc., a Delaware corporation ("Old Hippo"), with the Company ultimately surviving (such mergers, the "Business Combination"). The Business Combination was completed pursuant to the Agreement and Plan of Merger, dated as of March 3, 2021, by and among RTPZ, RTPZ Merger Sub Inc. and Old Hippo. Palo Alto, California.

Basis of Presentation and Consolidation

The interim condensed consolidated financial statements and accompanying notes of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and include the Company's consolidated subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. Certain information and disclosures normally included in condensed consolidated financial statements prepared in accordance with GAAP have been omitted accordingly.

The interim financial information is unaudited, but reflects all normal recurring adjustments that are, in the opinion of management, necessary to fairly present the information set forth herein. The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. Interim results are not necessarily indicative of the results for a full year.

In accordance with Accounting Standards Codification 280 "Segment Reporting", the Company reports three operating segments based on how the Company's chief operating decision maker assesses the Company's performance and allocates resources. See Note 17 "Segments". The Company has three reportable segments: Services, Insurance-as-a-Service, and Hippo Home Insurance Program.

Reverse Stock Split

On September 29, 2022, the Company filed a Certificate of Amendment to its Certificate of Incorporation to effect a one-for-25 reverse stock split of the Company's common stock and a corresponding adjustment to its authorized capital stock (the "Reverse Stock Split"), effective as of 11:59 p.m. Eastern Daylight Time on September

HIPPO HOLDINGS INC.

Notes to Consolidated Financial Statements

(Unaudited)

29, 2022 (the "Effective Time"). All share and per share information has been retroactively adjusted to give effect to the Reverse Stock Split for all periods presented, unless otherwise indicated.

As a result of the Reverse Stock Split, every 25 shares of the Company's issued and outstanding common stock were automatically converted into one share of issued and outstanding common stock. No fractional shares were issued as a result of the Reverse Stock Split. Stockholders who otherwise would have been entitled to receive fractional shares of common stock were entitled to receive cash in an amount equal to the product obtained by multiplying (a) the closing price per share of the common stock as reported on the New York Stock Exchange as of the first trading day following the Effective Time, by (b) the fraction of one share owned by the stockholder.

Proportionate adjustments were made to the number of shares issuable upon the exercise or vesting of all stock options, restricted stock, restricted stock units or other stock-based awards or rights (the "Stock-Based Awards") and warrants outstanding at the Effective Time, as well as certain performance goals applicable to certain Stock-Based Awards, which resulted in a proportional decrease in the number of shares of the Company's common stock reserved for issuance upon exercise or vesting of such Stock-Based Awards and warrants, and, in the case of stock options, purchase rights outstanding under the Company's 2021 Employee Stock Purchase Plan and warrants, a proportional increase in the exercise price of such stock options, purchase rights and warrants. In addition, the number of shares reserved for issuance under the Company's 2021 Incentive Award Plan and 2021 Employee Stock Purchase Plan were proportionately reduced.

Use of Estimates

The preparation of the Company's condensed consolidated financial statements in conformity with GAAP requires management to make estimates that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include, but are not limited to, loss and loss adjustment expense ("LAE") reserves, provision for commission slide and cancellations, reinsurance recoverable on paid and unpaid losses and LAE, the fair values of investments, stock-based awards, warrant liabilities, contingent consideration liabilities, acquired intangible assets, deferred tax assets and uncertain tax positions, and revenue recognition. The Company evaluates these estimates on an ongoing basis. These estimates are informed by experience and other assumptions that the Company believes are reasonable under the circumstances. Actual results may differ significantly from these estimates.

Recent Accounting Pronouncements

Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU No. 2023-07, *Improvements to Reportable Segment Disclosures*. The ASU includes requirements that an entity disclose the title of the chief operating decision maker (CODM) and on an interim and annual basis, significant segment expenses and the composition of other segment items for each segment's reported profit. The standard also permits disclosure of additional measures of segment profit. This ASU is effective for public companies with annual periods beginning after December 15, 2023, and interim periods within annual period beginning after December 15, 2024, with early adoption permitted. The Company has evaluated recent accounting pronouncements through is currently evaluating the date impact of the financial statements were ASU on its disclosures.

In December 2023, the FASB issued and filed ASU No. 2023-09, *Improvements to Income Tax Disclosures*, which requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. This ASU is effective for public companies with annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the SEC and believes that there are none that will have a material impact of the ASU on the Company's consolidated financial statements. its disclosures.

HIPPO HOLDINGS INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

2. Investments

The amortized cost and fair value of fixed maturities securities and short-term investments are as follows (in millions):

		September 30, 2023				March 31, 2024				March 31, 2024			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value			Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value		
Fixed maturities available-for-sale:	Fixed maturities available-for-sale:												
U.S. government and agencies													
U.S. government and agencies													
U.S. government and agencies	U.S. government and agencies	\$ 22.5	\$ —	\$ (0.4)	\$ 22.1								
States and other territories	States and other territories	10.1	—	(0.6)	9.5								
Corporate securities	Corporate securities	71.9	0.1	(2.6)	69.4								
Foreign securities	Foreign securities	0.9	—	—	0.9								
Residential mortgage-backed securities	Residential mortgage-backed securities	21.2	—	(2.3)	18.9								
Commercial mortgage-backed securities	Commercial mortgage-backed securities	7.7	—	(0.7)	7.0								

Asset backed securities	Asset backed securities	14.2	—	(0.5)	13.7
Total fixed maturities available-for-sale	Total fixed maturities available-for-sale	148.5	0.1	(7.1)	141.5
Short-term investments:	Short-term investments:				
U.S. government and agencies	U.S. government and agencies	123.4	—	(0.1)	123.3
U.S. government and agencies	U.S. government and agencies				
Commercial paper	Commercial paper	47.6	—	—	47.6
Corporate securities	Corporate securities	17.6	—	—	17.6
Total short-term investments	Total short-term investments	188.6	—	(0.1)	188.5
Total	Total	\$ 337.1	\$ 0.1	\$ (7.2)	\$330.0

December 31, 2022					
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities available-for-sale:	Fixed maturities available-for-sale:				
U.S. government and agencies	U.S. government and agencies				
U.S. government and agencies	U.S. government and agencies				
U.S. government and agencies	U.S. government and agencies	21.6	\$ (0.5)	\$ 21.1	
States and other territories	States and other territories	8.9	—	(0.6)	8.3
Corporate securities	Corporate securities				
Corporate securities	Corporate securities	54.8	0.1	(2.4)	52.5
Foreign securities	Foreign securities	0.9	—	(0.1)	0.8

December 31, 2023					
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities available-for-sale:	Fixed maturities available-for-sale:				
U.S. government and agencies	U.S. government and agencies				
U.S. government and agencies	U.S. government and agencies				
U.S. government and agencies	U.S. government and agencies	21.6	\$ (0.5)	\$ 21.1	
States and other territories	States and other territories	8.9	—	(0.6)	8.3
Corporate securities	Corporate securities				
Corporate securities	Corporate securities	54.8	0.1	(2.4)	52.5
Foreign securities	Foreign securities	0.9	—	(0.1)	0.8

Residential mortgage-backed securities	Residential mortgage-backed securities	20.4	0.1	(1.6)	18.9
Commercial mortgage-backed securities	Commercial mortgage-backed securities	6.5	—	(0.7)	5.8
Asset backed securities	Asset backed securities	14.2	—	(0.5)	13.7
Total fixed maturities available-for-sale	Total fixed maturities available-for-sale	127.3	0.2	(6.4)	121.1
Total fixed maturities available-for-sale					
Total fixed maturities available-for-sale					
Short-term investments:	Short-term investments:				
U.S. government and agencies					
U.S. government and agencies					
U.S. government and agencies	U.S. government and agencies	129.1	—	(0.2)	128.9
Commercial paper	Commercial paper	147.1	—	(0.6)	146.5
Corporate securities	Corporate securities	49.4	—	—	49.4
Total short-term investments	Total short-term investments	325.6	—	(0.8)	324.8
Total	Total	\$ 452.9	\$ 0.2	\$ (7.2)	\$ 445.9

HIPPO HOLDINGS INC.
Notes to Condensed Consolidated Financial Statements
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The following tables present the gross unrealized losses and related fair values for the Company's investments in available-for-sale debt securities and short-term investments, grouped by duration of time in a continuous unrealized loss position as of **September 30, 2023**, **March 31, 2024**, and **December 31, 2022** **December 31, 2023** (in millions):

September 30, 2023						
Less than 12 months		12 months or more		Total		
Gross		Gross		Gross		
Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	
Less than 12 months	12 months or more	Total	Less than 12 months	12 months or more	Total	Less than 12 months
March 31, 2024			March 31, 2024			March 31, 2024

		Fair Value		Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Fixed maturities available-for-sale:	Fixed maturities available-for-sale:								
U.S. government and agencies									
U.S. government and agencies									
U.S. government and agencies	U.S. government and agencies	\$ 10.2	\$ (0.1)	\$ 11.9	\$ (0.3)	\$ 22.1	\$ (0.4)		
States and other territories	States and other territories	1.4	—	8.0	(0.6)	9.4	(0.6)		
Corporate securities	Corporate securities								
Corporate securities	Corporate securities	36.4	(0.5)	37.8	(2.1)	74.2	(2.6)		
Foreign securities	Foreign securities			0.9	—	0.9	—		
Residential mortgage-backed securities	Residential mortgage-backed securities	7.6	(0.3)	11.4	(2.0)	19.0	(2.3)		
Commercial mortgage-backed securities	Commercial mortgage-backed securities	1.3	—	5.8	(0.7)	7.1	(0.7)		
Asset backed securities	Asset backed securities	5.6	(0.1)	8.2	(0.4)	13.8	(0.5)		
Short-term investments:	Short-term investments:								
U.S. government and agencies	U.S. government and agencies	123.4	(0.1)	—	—	123.4	(0.1)		
U.S. government and agencies	U.S. government and agencies								
Commercial paper	Commercial paper	47.5	—	—	—	47.5	—		
Corporate securities	Corporate securities	17.6	—	—	—	17.6	—		
Total	Total	\$251.0	\$ (1.1)	\$84.0	\$ (6.1)	\$335.0	\$ (7.2)		

December 31, 2022						
	Less than 12 months		12 months or more		Total	
	Gross	Gross	Gross	Gross		
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses

		December 31, 2023						December 31, 2023					
		Less than 12 months			Less than 12 months			12 months or more		Total			
		Fair Value			Fair Value			Gross Unrealized Losses		Fair Value		Gross Unrealized Losses	
Fixed maturities available-for-sale:	Fixed maturities available-for-sale:	U.S. government and agencies	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses					
U.S. government and agencies	U.S. government and agencies	3.6	(0.1)	4.6	(0.5)	8.2	(0.6)						
Corporate securities	Corporate securities	30.5	(1.5)	11.1	(0.9)	41.6	(2.4)						
Foreign securities	Foreign securities	—	—	0.8	(0.1)	0.8	(0.1)						
Residential mortgage-backed securities	Residential mortgage-backed securities	6.3	(0.3)	7.6	(1.3)	13.9	(1.6)						
Commercial mortgage-backed securities	Commercial mortgage-backed securities	1.9	—	3.9	(0.7)	5.8	(0.7)						
Asset backed securities	Asset backed securities	5.5	(0.2)	3.7	(0.3)	9.2	(0.5)						
Short-term investments:	Short-term investments:												
U.S. government and agencies	U.S. government and agencies	129.1	(0.2)	—	—	129.1	(0.2)						
U.S. government and agencies	U.S. government and agencies												
Commercial paper	Commercial paper	147.1	(0.6)	—	—	147.1	(0.6)						
Corporate securities													
Total	Total	\$341.9	\$ (3.3)	\$32.8	\$ (3.9)	\$374.7	\$ (7.2)						

HIPPO HOLDINGS INC.
Notes to Condensed Consolidated Financial Statements
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The Company has determined that unrealized losses as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** resulted from the interest rate environment, rather than a deterioration of the creditworthiness of the issuers. Therefore, an allowance for credit losses was not necessary as it is more likely than not that the Company will not be required to sell the investments before the recovery of the amortized cost basis or until maturity. As of **September 30, 2023** **March 31, 2024**, none of the Company's fixed maturity portfolio was unrated or rated below investment grade.

The amortized cost and fair value of fixed maturities securities by contractual maturity are as follows (in millions):

		September 30, 2023			
		Amortized Cost	Fair Value		
		March 31, 2024		March 31, 2024	
		Amortized Cost		Amortized Cost	Fair Value
Due to mature:	Due to mature:				
One year or less					
One year or less					
One year or less	One year or less	25.2	\$ 24.9		
After one year through five years	After one year through five years	76.5	73.5		
After five years	After five years	3.6	3.5		
After ten years					
Residential mortgage- backed securities	Residential mortgage- backed securities	21.2	18.9		
Commercial mortgage- backed securities	Commercial mortgage- backed securities	7.7	7.0		
Asset backed securities	Asset backed securities	14.2	13.7		
Total fixed maturities available- for-sale	Total fixed maturities available- for-sale	\$ 148.5	\$ 141.5		
Total fixed maturities available-for-sale					
Total fixed maturities available-for-sale					

Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

Net realized gains and losses on fixed maturity securities were insignificant for the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**, respectively.

The Company's net investment income is comprised of the following (in millions):

Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
2023	2022	2023	2022
Three Months Ended March 31,			

Three Months Ended March 31, Three Months Ended March 31, 2024									
2024									
2024									
Interest on cash and cash equivalents									
Interest on cash and cash equivalents	Interest on cash and cash equivalents	\$	2.2	\$	1.2	\$	4.7	\$	1.4
Fixed maturities income	Fixed maturities income		1.5		0.6		4.1		1.1
Fixed maturities income									
Fixed maturities income									
Short-term investment income									
Short-term investment income	Short-term investment income		2.1		0.8		8.1		1.7
Total gross investment income	Total gross investment income				2.6		16.9		4.2
Total gross investment income									
Total gross investment income									
Investment expenses									
Investment expenses	Investment expenses		(0.1)		(0.1)		(0.4)		(0.2)
Net investment income	Net investment income	\$	5.7	\$	2.5	\$	16.5	\$	4.0
Net investment income									
Net investment income									

Pursuant to certain regulatory requirements, the Company is required to hold assets on deposit with various state insurance departments for the benefit of policyholders. These special deposits are included in cash and cash equivalents, fixed maturities, or short-term investments on the condensed consolidated balance sheets. The carrying value of securities on deposit with state regulatory authorities total \$12.7 million \$13.7 million and \$12.6 million \$12.9 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

HIPPO HOLDINGS INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

3. Cash, Cash Equivalents, and Restricted Cash

The following table sets forth the cash, cash equivalents, and restricted cash (in millions):

	September 30, 2023	December 31, 2022	March 31, 2024	March 31, 2024	December 31, 2023
Cash and cash equivalents:	Cash and cash equivalents:				
Cash					
Cash	Cash	\$ 69.8	\$ 65.7		

Money market funds	Money market funds	148.7	87.1
Commercial paper	Commercial paper	—	26.8
U.S. government and agencies	U.S. government and agencies	9.9	14.9
Total cash and cash equivalents	Total cash and cash equivalents	\$ 228.4	\$ 194.5
Restricted cash:	Restricted cash:		
Restricted cash:	Restricted cash:		
Fiduciary assets	Fiduciary assets		
Fiduciary assets	Fiduciary assets	32.4	30.6
Letters of credit and cash on deposit	Letters of credit and cash on deposit	8.6	19.4
Total restricted cash	Total restricted cash	41.0	50.0
Total cash, cash equivalents, and restricted cash	Total cash, cash equivalents, and restricted cash	\$ 269.4	\$ 244.5

4. Fair Value Measurement

When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions, and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 — Quoted prices in active markets for identical assets or liabilities that are publicly accessible at the measurement date.
- Level 2 — Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

HIPPO HOLDINGS INC.
Notes to Condensed Consolidated Financial Statements
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The following table summarizes the Company's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis (in millions):

September 30, 2023				
Level				
Level 1	Level 2	3	Total	

		March 31, 2024			March 31, 2024		
		Level 1		Level 1	Level 2	Level 3	Total
Financial assets:	Financial assets:						
Cash, cash equivalents, and restricted cash	Cash, cash equivalents, and restricted cash	Cash, cash equivalents, and restricted cash		\$269.4	\$ — \$ —	\$269.4	
Cash, cash equivalents, and restricted cash	Cash, cash equivalents, and restricted cash						
Fixed maturities available-for-sale:	Fixed maturities available-for-sale:						
U.S. government and agencies	U.S. government and agencies	U.S. government and agencies		22.1	— —	22.1	
U.S. government and agencies	U.S. government and agencies	U.S. government and agencies					
States and other territories	States and other territories	States and other territories		— 9.5	—	9.5	
Corporate securities	Corporate securities	Corporate securities		— 69.4	—	69.4	
Foreign securities	Foreign securities	Foreign securities		— 0.9	—	0.9	
Residential mortgage-backed securities	Residential mortgage-backed securities	Residential mortgage-backed securities		— 18.9	—	18.9	
Commercial mortgage-backed securities	Commercial mortgage-backed securities	Commercial mortgage-backed securities		— 7.0	—	7.0	
Asset backed securities	Asset backed securities	Asset backed securities		— 13.7	—	13.7	
Total fixed maturities available-for-sale	Total fixed maturities available-for-sale	Total fixed maturities available-for-sale		22.1 119.4	—	141.5	
Short-term investments	Short-term investments	Short-term investments					
U.S. government and agencies	U.S. government and agencies	U.S. government and agencies		123.3	— —	123.3	
U.S. government and agencies	U.S. government and agencies	U.S. government and agencies					

Commercial paper	Commercial paper	—	47.6	—	47.6
Corporate securities	Corporate securities	—	17.6	—	17.6
Total short-term investments	Total short-term investments	123.3	65.2	—	188.5
Total financial assets	Total financial assets	\$414.8	\$184.6	\$ —	\$599.4
Financial liabilities:	Financial liabilities:				
Financial liabilities:	Contingent consideration liability				
Contingent consideration liability	Contingent consideration liability	\$ —	\$ —	\$13.5	\$ 13.5
Contingent consideration liability	Contingent consideration liability	\$ —	\$ —	\$ —	\$ —
Public warrants	Public warrants	0.1	—	—	0.1
Private placement warrants	Private placement warrants	—	0.1	—	0.1
Total financial liabilities	Total financial liabilities	\$ 0.1	\$ 0.1	\$13.5	\$ 13.7

HIPPO HOLDINGS INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

U.S. government and agencies					
U.S. government and agencies	U.S. government and agencies	21.1	—	—	21.1
States and other territories	States and other territories	—	8.3	—	8.3
Corporate securities	Corporate securities	—	52.5	—	52.5
Foreign securities	Foreign securities	—	0.8	—	0.8
Residential mortgage-backed securities	Residential mortgage-backed securities	—	18.9	—	18.9
Commercial mortgage-backed securities	Commercial mortgage-backed securities	—	5.8	—	5.8
Asset backed securities	Asset backed securities	—	13.7	—	13.7
Total fixed maturities available-for-sale	Total fixed maturities available-for-sale	21.1	100.0	—	121.1
Short-term investments	Short-term investments	—	—	—	—
U.S. government and agencies	U.S. government and agencies	128.9	—	—	128.9
U.S. government and agencies					
Commercial paper	Commercial paper	—	146.5	—	146.5
Corporate securities	Corporate securities	—	49.4	—	49.4
Total short-term investments	Total short-term investments	128.9	195.9	—	324.8
Total financial assets	Total financial assets	\$394.5	\$295.9	\$ —	\$690.4
Financial liabilities:	Financial liabilities:	—	—	—	—
Financial liabilities:					
Financial liabilities:					
Contingent consideration liability	Contingent consideration liability	—	—	—	—
Contingent consideration liability	Contingent consideration liability	—	—	—	—

Contingent consideration liability	Contingent consideration liability	\$ —	\$ —	\$11.9	\$ 11.9
Public warrants	Public warrants	0.2	—	—	0.2
Private placement warrants	Private placement warrants	—	0.1	—	0.1
Total financial liabilities	Total financial liabilities	\$ 0.2	\$ 0.1	\$11.9	\$ 12.2

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels at the end of each reporting period. There were no transfers between levels in the fair value hierarchy during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**.

Contingent Consideration

The contingent consideration, relating to the Company's 2019 acquisition of North American Advantage Insurance Services, LLC, is re-valued to fair value at the end of each reporting period using the present value of future payments based on an estimate of revenue and customer renewals. North American Advantage Insurance Services, LLC's ultimate parent company was Lennar Corporation, a related party of the Company. There is no limit to the maximum potential contingent consideration as the consideration is based on acquired customer retention. The table below presents the changes in the contingent consideration liability valued using Level 3 inputs (in millions):

	2023	2022		2024	2024	2023
Balance as of January 1,			Balance as of January 1,			
				\$11.9	\$11.6	
Payments of contingent consideration			Payments of contingent consideration			
				(2.9)	(2.4)	
Changes in fair value			Changes in fair value			
				4.5	2.6	
Balance as of September 30,				\$13.5	\$11.8	
Balance as of March 31,						

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5. Intangible Assets and Goodwill

Agency and carrier relationships	Agency and carrier relationships	5.2	\$ 13.5	\$ (4.7)	\$ 8.8	\$ 13.5	\$ (3.4)	\$ 10.1
State licenses and domain name	State domain name	Indefinite	10.5	—	10.5	10.5	—	10.5
Customer relationships	Customer relationships	1.6	13.7	(10.3)	3.4	13.7	(8.5)	5.2
Other	Other	5.8	1.7	(0.8)	0.9	1.7	(0.6)	1.1
Other	Other							
Total intangible assets, net	Total intangible assets, net		\$ 39.4	\$ (15.8)	\$ 23.6	\$ 39.4	\$ (12.5)	\$ 26.9

Amortization expense related to intangible assets for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was \$1.1 million \$1.2 million and \$1.1 million, respectively, and for the nine months ended September 30, 2023 and 2022 was \$3.3 million and \$4.2 million, respectively. The amortization expense is included in sales and marketing expenses for customer relationships, agency and carrier relationships, and other on the condensed consolidated statements of operations and comprehensive loss.

For the three months ended September 30, 2022, management identified quantitative and qualitative factors that indicated a triggering event to test goodwill for impairment, mainly due to the sustained decrease in stock price and continued deterioration of general macroeconomic conditions. The Company performed a valuation at the reporting unit level using the income-based approach. These forecasts and assumptions were highly subjective. Given the results of the Company's quantitative assessment, the Company determined that all the reporting units' goodwill were impaired and the Company recorded impairment charges of \$53.5 million, which are included in impairment and restructuring charges in the accompanying consolidated statements of operations and comprehensive loss.

6. Capitalized Internal Use Software

	September 30, 2023	December 31, 2022	
	(in millions)	(in millions)	
Capitalized internal use software	Capitalized internal use software	\$ 73.9	\$ 56.4
Less: accumulated amortization	Less: accumulated amortization	(27.0)	(17.6)
Total capitalized internal use software	Total capitalized internal use software	\$ 46.9	\$ 38.8

Amortization expense related to capitalized internal use software for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was \$3.4 million \$3.9 million and \$2.4 million, respectively, and for the nine months ended September 30, 2023 and 2022 was \$9.4 million and \$6.3 million \$2.9 million, respectively. The amortization expense is included in insurance related expenses on the condensed consolidated statements of operations and comprehensive loss.

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7. Other Assets

	September 30, 2023	December 31, 2022
	(in millions)	

Prepaid expenses	\$	11.5	\$	17.4
Claims receivable		11.2		9.0
Lease right-of-use assets		14.6		27.6
Property and equipment		35.1		5.4
Other		6.6		4.2
Total other assets	\$	79.0	\$	63.6

On April 18, 2023, the Company closed on the purchase of an office building, which included certain real property, improvements, and personal property, located at 701 E. 5th Street, Austin, Texas 78701. The Company capitalized \$30.5 million to building and land related to the purchase. The building is used as office space for employees of the Company and affiliated companies. Prior to the purchase, the Company was leasing a portion of the building and had recorded a lease right-of-use asset and lease liability. After the purchase, the Company reclassified the right-of-use asset and adjusted the carrying value by the difference between the purchase price and the lease liability immediately before the purchase. The Company will depreciate the building over its estimated useful life of 39 years, except that land is not depreciated.

	March 31, 2024	December 31, 2023
	(in millions)	
Property and equipment	\$ 34.5	\$ 34.9
Prepaid expenses	13.5	11.3
Claims receivable	1.3	5.6
Lease right-of-use assets	6.5	10.6
Deferred policy acquisition costs	5.0	—
Other	8.3	6.8
Total other assets	\$ 69.1	\$ 69.2

8. Accrued Expenses and Other Liabilities

	March 31, 2024		March 31, 2024		December 31, 2023	
					(in millions)	
		September 30, 2023	December 31, 2022		(in millions)	
(in millions)						
Claim payments outstanding Claim payments outstanding Claim payments outstanding Lease liability Advances from customers Deferred revenue Employee related accruals Premium refund liability Fiduciary liability						
Claim payments outstanding	\$ 30.6	\$ 27.7				
Lease liability	15.9	28.9				
Advances from customers	13.4	10.2				
Deferred revenue	2.2	11.0				
Employee related accruals	8.5	6.2				
Premium refund liability	11.4	8.2				
Fiduciary liability	4.7	6.6				

Contingent consideration liability	Contingent liability	13.5	11.9
Other	Other	24.7	17.5
Other			
Other			
Total accrued expenses and other liabilities	Total accrued expenses and other liabilities	\$ 124.9	\$ 128.2

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9. Loss and Loss Adjustment Expense Reserves

The reconciliation of the beginning and ending reserve balances for losses and loss adjustment expenses ("LAE"), net of reinsurance is summarized as follows for the nine three months ended **September 30, March 31**, (in millions):

	2023	2022		2024		2023
Reserve for losses and LAE gross of reinsurance recoverables on unpaid losses and LAE as of beginning of the period			Reserve for losses and LAE gross of reinsurance recoverables on unpaid losses and LAE as of beginning of the period	\$293.8	\$260.8	
Less:			Less:			
Reinsurance recoverables on unpaid losses and LAE			Reinsurance recoverables on unpaid losses and LAE	(228.8)	(217.0)	
Reserve for losses and LAE, net of reinsurance recoverables as of beginning of the period			Reserve for losses and LAE, net of reinsurance recoverables as of beginning of the period	65.0	43.8	
Add:			Add:			
Incurred losses and LAE, net of reinsurance, related to:			Incurred losses and LAE, net of reinsurance, related to:			
Current year			Current year	153.0	84.9	
Current year						
Prior years			Prior years	(2.1)	(9.3)	

Total incurred	Total incurred	150.9	75.6
Deduct:	Deduct:		
Loss and LAE payments, net of reinsurance, related to:	Loss and LAE payments, net of reinsurance, related to:		
Current year	Current year		
Current year	Current year	89.8	45.9
Prior years	Prior years	15.7	15.7
Total paid	Total paid	105.5	61.6
Reserve for losses and LAE, net of reinsurance recoverables at end of period	Reserve for losses and LAE, net of reinsurance recoverables at end of period	110.4	57.8
Reserve for losses and LAE, net of reinsurance recoverables at end of period	Reserve for losses and LAE, net of reinsurance recoverables at end of period		
Add:	Add:		
Reinsurance recoverables on unpaid losses and LAE at end of period	Reinsurance recoverables on unpaid losses and LAE at end of period	249.5	263.7
Reserve for losses and LAE gross of reinsurance recoverables on unpaid losses and LAE as of end of the period	Reserve for losses and LAE gross of reinsurance recoverables on unpaid losses and LAE as of end of the period	\$359.9	\$321.5

Loss development occurs when actual losses incurred vary from the Company's previously developed estimates, which are established through the Company's loss and LAE reserve estimate processes.

Net incurred losses and LAE experienced an insignificant amount of development for the three months ended March 31, 2024 and a net favorable development of \$2.1 million and \$9.3 million \$0.1 million for the nine three months ended September 30, 2023 and 2022, respectively. March 31, 2023.

The three months ended March 31, 2023 prior period's favorable development of \$2.1 million \$0.1 million was driven primarily by the 2022 accident year, resulting in a net release of \$1.0 \$0.2 million from catastrophe reserves, and \$1.1 offset by adverse development of \$0.1 million from attritional reserves, which were recorded in the first six months of 2023. These changes are primarily a result of ongoing analysis of claims emergence patterns and loss trends.

The prior period's favorable development of \$9.3 million was driven primarily by the 2021 accident year, resulting in a net release of \$5.0 million from attritional reserves and \$4.3 million from catastrophe reserves. These changes are a result of ongoing analysis of claims emergence patterns and loss trends.

10. Reinsurance

The Company purchases reinsurance to help manage exposure to property and casualty insurance risks, including attritional and catastrophic risks. The Company's insurance company subsidiaries have entered into both proportional and non-proportional reinsurance treaties, under which a significant portion of the liabilities have been ceded to third-party reinsurers. The Company also assumes risk from non-affiliated insurance carriers.

Proportional Reinsurance Treaties — Hippo Home Insurance Program

In 2024, the Company started transitioning from proportional reinsurance to a more traditional excess of loss (XOL) reinsurance structure, retaining nearly all the attritional risk and related premium, and purchasing XOL reinsurance to protect against major catastrophic weather events.

For the Company's primary homeowners reinsurance program for policies with effective dates in 2024, the Company elected not to purchase proportional reinsurance, and retain more of the exposure and associated premium.

For business produced through the Company's builder channel for policies with effective dates in 2024, the Company purchased proportional reinsurance from one third-party reinsurer and expects to retain approximately

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85% of the premium and associated risk, before purchasing catastrophe protection. All reinsurance obligations are appropriately collateralized. The reinsurance contracts are subject to contingent commission adjustments and limited loss participation features, which align the Company's interests with those of the reinsurers.

For the Company's primary homeowners reinsurance treaty commencing for policies with effective dates in 2023 the Company secured proportional reinsurance from a diverse panel of six third-party reinsurers. All reinsurers are either rated "A-" Excellent or better by AM Best, or the reinsurance is appropriately collateralized. In 2023, the Company retained approximately 40% of the premium through its insurance company subsidiaries or its captive reinsurance company, RHS, RH Solutions Insurance (Cayman) Ltd. ("RHS"), before purchasing catastrophe protection. Additionally,

Effective January 1, 2024, the Company elected to cut off 25% of the reinsurer's participation on the 2023 proportional reinsurance contracts are subject to contingent commission adjustments treaty and loss participation features, which align retain the Company's interests with those of its reinsurers. Loss

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participation features may increase the amount of losses retained by the Company's insurance company subsidiaries in excess of its pro rata participation, remaining exposure and related premiums.

For business produced through the Company's builder channel for policies with effective dates in 2023, the Company purchased proportional reinsurance from three third-party reinsurers. All reinsurers are rated "A-" Excellent or better by AM Best, or the reinsurance is appropriately collateralized. In 2023, the Company is retaining retained approximately 58% of the premium produced through the Company's insurance company subsidiaries or RHS, before purchasing catastrophe protection. The reinsurance contracts are subject to contingent commission adjustments and limited loss participation features, which align the Company's interests with those of the reinsurers.

For the Company's primary homeowners reinsurance treaty commencing for policies with effective dates in 2022, the Company secured quota share proportional reinsurance from a diverse panel of eleven third-party reinsurers. All reinsurers are either rated with AM Best ratings of "A-" Excellent or better by AM Best, or the reinsurance is collateralized. In 2022, the Company retained better. A total of approximately 10% of the premium was retained through the Company's insurance company subsidiaries, including the Company's captive reinsurance company, RHS. Additionally, the reinsurance contracts are subject to variable commission adjustments and loss participation features, including loss ratio caps and loss corridors, which align the Company's interests with those of its reinsurers. Similar to the prior year, the Company saw increased use of loss participation features in the 2022 reinsurance agreements, which increased the amount of losses retained by its insurance company subsidiaries in excess of the Company's pro rata participation in both the 2022 and 2023 fiscal years.

For the Company's primary homeowners reinsurance treaty that commenced in 2021, the Company secured proportional reinsurance from a diverse panel of third-party reinsurers with AM Best ratings of "A-" Excellent or better. A total of approximately 12% of the premium was retained either by Spinnaker or RHS, which aligns the Company's interests with third-party reinsurers. Two of the reinsurers, representing approximately one-third of the programs, provided three-year agreements.

The Company also seeks to further reduce its risk retention through purchases of non-proportional reinsurance described below.

Non-Proportional Reinsurance — Hippo Home Insurance Program

The Company also purchases non-proportional excess of loss catastrophe coverage ("XOL") reinsurance which includes traditional reinsurance protection, state subsidized reinsurance protection, catastrophe bonds, and industry loss warranty products. Through the Company's insurance company subsidiaries, the Company is exposed to the risk of natural catastrophe events that could occur on the risks arising from policies underwritten by the Company or other managing general agents ("MGAs"). The Company is also exposed to this risk through its captive reinsurer, which takes on a share of the risk underwritten by the Company's MGA business.

In May 2023, Spinnaker the Company secured new catastrophe protection through a per occurrence excess of loss XOL reinsurance agreement with Mountain Re Ltd. ("Mountain Re"), an independent Bermuda company, licensed as a Special Purpose Insurer. The reinsurance agreement meets the requirements to be accounted for as reinsurance

in accordance with the guidance for reinsurance contracts. In connection with the reinsurance agreement, Mountain Re issued notes (generally referred to as "catastrophe bonds") to investors, consistent with the amount of coverage provided under the reinsurance agreement.

The reinsurance agreement provides the Company with coverage through June 2026, and pursuant to the agreement, Mountain Re provides XOL reinsurance coverage to **Spinnaker** the Company for losses from a variety of perils, including named storms, fire following an earthquake, severe thunderstorms, and winter storms on business produced through the Hippo MGA.

Under the terms of the reinsurance agreement, the Company is obligated to pay annual reinsurance premiums to Mountain Re for the reinsurance coverage. Amounts payable under the reinsurance agreement with respect to any covered event cannot exceed the Company's actual losses from such event.

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In June 2023, the Company's captive reinsurance company, RHS, entered into an Industry Loss Warranty (ILW) with a third party under which loss payments are triggered by reference to the level of losses incurred by the insurance industry as whole for pre-defined events, rather than by losses incurred by the Company. RHS entered into the ILW in order to hedge the risk of the Company experiencing a catastrophic hurricane loss on business assumed.

The Company's XOL program provides protection to the Company from catastrophes that could impact a large number of insurance policies. The In 2023, the Company **buys** purchased XOL reinsurance so that the probability of losses from a single occurrence exceeding the protection purchased is purchase was no more than 0.4%, or equivalent. In 2024, the Company increased its purchase of non-proportional XOL reinsurance, raising the per occurrence XOL limit by 11% and increasing the number of participating reinsurers from 14 to 19. Under this placement, along with other existing catastrophe protections, the Company is protected on the upper layers of risk up to a 1 in 250 year return period 250-year event when considered with considering the corporate catastrophe and the Florida Hurricane Catastrophe Fund (the "FHCF") XOL described below under "Other Reinsurance". This The reinsurance protects the Company from all but the most severe catastrophic events.

Other Reinsurance

Spinnaker **also** Insurance Company ("Spinnaker") purchases reinsurance for programs written by MGAs other than **Hippo**. Hippo through its Insurance-as-a-Service **business**. The reinsurance treaties are a mix of proportional and XOL in which **approximately 75%** generally 80% to 100% of the risk, up to the 1 in 250 year return period, is ceded. The reinsurance contracts are subject to variable commission adjustments and loss participation features, including loss caps, and which may increase the amount of losses retained by the Company in excess of the Company's pro-rata participation. Such provisions are recognized in the period based on the experience to date under the agreement.

Spinnaker purchases a corporate catastrophe XOL program that attaches above the **individual programmatic** reinsurance programs protecting the **property** business written by Hippo as well as the other MGAs. This treaty has a floating retention and attaches at the exhaustion point of the underlying programs' specific reinsurance. The catastrophe bonds bond, and the FHCFs, described above below, inures to the benefit of this contract. This program provides protection to the Company protection from catastrophes that could impact a large number of correlated insurance policies underwritten by the Company or and its other MGAs. The Company buys this XOL so that the probability of losses from a single occurrence across the **property portfolio** exceeding the protection purchased is no more than 0.4%, or equivalent to a 1 in 250 year 250-year return period. This reinsurance protects the Company from all but the most severe catastrophic events.

The Company Spinnaker also purchases reinsurance from the State Board of Administration in Florida via the Florida Hurricane Catastrophe Fund (the "FHCF") and the Reinsurance to Assist Policyholders (the "RAP") program FHCF annually for admitted residential hurricane losses in the State of Florida. This coverage is provided and required by the State of Florida. Florida and protects business written by Hippo as well as other MGAs that produce admitted residential policies. The Company currently purchases reimbursement protection at the maximum level (90%) of mandatory coverage offered by the FHCF.

With all reinsurance programs, the Company's wholly owned insurance carriers are not relieved of their primary obligations to policyholders in the event of a default or the insolvency of **its** their reinsurers. As a result, a credit exposure exists to the extent that any reinsurer fails to meet its obligations assumed in the reinsurance agreements. To mitigate this exposure to reinsurance insolvencies, the Company evaluates the financial condition of its reinsurers and, in certain circumstances, holds substantial collateral (in the form of funds withheld, qualified trusts, and letters of credit) as security under the reinsurance agreements. No allowance has been recorded in the **three and nine**

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three months ended **September 30, 2023** March 31, 2024, and **2022** 2023 for amounts anticipated to be uncollectible or for the anticipated failure of a reinsurer to meet its obligations under the contracts.

The following tables reflect amounts affecting the condensed consolidated statements of operations and comprehensive loss for reinsurance as of and for the **three and nine** months ended **September 30, 2023** March 31, 2024, and **2022** 2023 (in millions).

For the Three Months Ended September 30,	
2023	2022

			Loss and LAE		Loss and LAE				
	Written premiums	Earned premiums	Written premiums	Earned premiums	Written premiums				
For the Three Months Ended March 31,									
2024									
	Written premiums				Written premiums	Earned premiums	Loss and LAE incurred	Written premiums	Earned premiums
Direct	Direct	\$ 225.9	\$ 207.7	\$ 120.7	\$ 173.0	\$ 139.7	\$ 155.3		
Assumed	Assumed	3.6	3.0	3.8	0.3	0.1	(1.6)		
Gross	Gross	229.5	210.7	124.5	173.3	139.8	153.7		
Ceded	Ceded	(178.0)	(177.8)	(88.0)	(167.3)	(129.1)	(129.8)		
Net	Net	\$ 51.5	\$ 32.9	\$ 36.5	\$ 6.0	\$ 10.7	\$ 23.9		

	For the Nine Months Ended September 30,					
	2023			2022		
	Written premiums	Earned premiums	Loss and LAE incurred	Written premiums	Earned premiums	Loss and LAE incurred
Direct	\$ 651.8	\$ 557.3	\$ 441.4	\$ 451.8	\$ 388.5	\$ 345.2
Assumed	11.8	5.7	9.5	0.4	0.2	0.7
Gross	663.6	563.0	450.9	452.2	388.7	345.9
Ceded	(559.8)	(494.0)	(300.0)	(430.9)	(357.8)	(270.3)
Net	\$ 103.8	\$ 69.0	\$ 150.9	\$ 21.3	\$ 30.9	\$ 75.6

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, a provision for sliding scale commissions of \$15.6 \$27.6 million and \$3.5 \$23.8 million, respectively, is included in provision for commission on the condensedconsolidated balance sheets. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, a receivable for sliding scale commissions of \$5.4 \$6.7 million and \$4.5 \$5.8 million, respectively, is included in ceding commissions receivable on the condensedconsolidated balance sheets.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, a provision for loss participation features of \$106.0 \$51.9 million and \$51.3 \$112.8 million, respectively, was recorded as a contra-asset in reinsurance recoverable on the condensedconsolidated balance sheets.

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11. Geographical Breakdown of Gross Written Premium

Gross written premium by state is as follows (in millions):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
	Amount	% of GWP	Amount	% of GWP	Amount	% of GWP	Amount	% of GWP
Three Months Ended March 31,								
Three Months Ended March 31,								
Three Months Ended March 31,								
2024								
2024								
2024								
Amount								
Amount								
Amount								
State	State							
State								

State													
California													
California													
California													
Texas	Texas	\$	42.5	18.5	%	\$	38.2	22.0	%	\$	126.3	19.0	%
California			40.6	17.7	%		32.8	18.9	%		116.6	17.7	%
Texas													
Texas													
Florida													
Florida	Florida		29.9	13.0	%		15.1	8.7	%		89.4	13.5	%
Georgia	Georgia		8.5	3.7	%		7.3	4.2	%		30.7	4.6	%
Georgia													
Georgia													
Illinois													
Illinois													
Illinois													
New Jersey													
New Jersey													
New Jersey													
Ohio													
Ohio													
Ohio													
Colorado													
Colorado	Colorado		5.6	2.4	%		5.5	3.2	%		18.1	2.7	%
Arizona	Arizona		5.0	2.2	%		3.9	2.4	%		14.1	2.1	%
Illinois			7.5	3.3	%		6.6	3.8	%		19.9	3.0	%
New Jersey			4.5	2.0	%		4.7	2.7	%		12.8	1.9	%
Ohio			3.3	1.4	%		3.9	2.4	%		11.2	1.7	%
Arizona													
Arizona													
Missouri													
Missouri	Missouri		5.1	2.2	%		4.7	2.7	%		12.6	1.9	%
Other	Other		77.0	33.6	%		50.6	29.2	%		211.9	31.9	%
Other													
Other													
Total	Total	\$	229.5	100	%	\$	173.3	100	%	\$	663.6	100	%
Total													
Total													

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12. Commitments and Contingencies

Legal Proceedings

From time to time, the Company may become involved in litigation or other legal proceedings. The Company is routinely named in litigation involving claims from policyholders. Legal proceedings relating to claims are reserved in the normal course of business. The Company does not believe it is a party to any pending litigation or other legal

proceedings that is likely to have a material adverse effect on the Company's business, financial condition or results of operations. Regardless of outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors.

The Company records a liability for litigation if an unfavorable outcome is probable and the amount of loss or range of loss can be reasonably estimated. If an unfavorable outcome is probable and a reasonable estimate of the loss is a range, the Company accrues the best estimate within the range. If no amount within the range is a better estimate than any other amount, the Company accrues the minimum amount within the range. If an unfavorable outcome is probable but the amount of the loss cannot be reasonably estimated, the Company discloses the nature of the litigation and indicates that an estimate of the loss or range of loss cannot be made. If an unfavorable outcome is reasonably possible and the estimated loss is material, the Company discloses the nature and estimate of the possible loss of the litigation. The Company does not disclose information with respect to litigation where an unfavorable outcome is considered to be remote or where the estimated loss would not be material. Based on current expectations, such matters, both individually and in the aggregate, are not expected to have a material adverse effect on the Company's liquidity, results of operations, business, or financial condition.

On November 19, 2021, Hippo and Assaf Wand the Company's co-founder, were named in a civil action in San Francisco Superior Court brought by Eyal Navon. Mr. Navon alleged six causes of action claims against Mr. Wand for breach of fiduciary duty, breach of contract, promissory estoppel, fraud, negligent misrepresentation, and constructive fraud surrounding a loan and call option entered into between Innovius Capital Canopus I, L.P. ("Innovius") and Mr. Navon, as well as alleged promises made by Mr. Wand to Mr. Navon while Mr. Navon was an employee of Hippo. Innovius was an investor in the Company prior to its transaction with Mr. Navon. Mr. Navon alleges filed a fraud claim against Hippo and also alleges a claim Fourth Amended Complaint on February 2, 2024, in which he alleged 19 claims for declaratory judgment, requesting that the Court declare that Mr. Navon properly revoked the call option he entered into with Innovius.

On May 2, 2022, Mr. Navon amended his complaint, naming Hippo in his breach of contract, promissory estoppel, negligent misrepresentation, and constructive fraud causes of action (in addition to re-pleading the declaratory relief and fraud causes sought treble damages in connection with certain of action). On February 28, 2023, Mr. Navon filed a Third Amended Complaint alleging 18 claims for relief. In addition to the original allegations, the Third Amended Complaint alleges fraud, insider-trading, and aiding-and-abetting claims based on the theory that claims. Hippo and Mr. Wand provided Innovius and its principal, Justin Moore, with material nonpublic information about Hippo's business. Finally, Mr. Navon alleges conversion claims against Hippo related to the transfer of his shares to Innovius after Innovius exercised the call option.

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All claims asserted are based on alleged conduct that occurred prior to Hippo becoming a publicly traded company. Hippo has engaged counsel to defend both Hippo and Mr. Wand.

On February 16, 2024, Hippo and Mr. Wand filed an answer to the Fourth Amended Complaint, and filed a cross-complaint against Mr. Navon for fraud, negligent misrepresentation, fraudulent inducement, and breach of contract.

Additionally, on February 16, 2024, Innovius also filed an amended cross-complaint naming Mr. Navon, Hippo, and Mr. Wand as cross-defendants. Innovius alleged that Hippo and Mr. Wand aided and abetted Mr. Navon's fraud against Innovius. The cross-complaint also included a breach of contract claim.

Hippo and Mr. Wand have denied all claims. As filed a result Motion for Summary Judgment against each of the new allegations in claims filed by Mr. Navon and Innovius. Mr. Navon has filed a Motion for Summary Judgment against the Third Amended Complaint, claims filed by Hippo moved to have and Mr. Wand. A hearing on the court designate the case as complex. The court granted this motion, took the previously scheduled trial date off the calendar, and trial Motions for Summary Judgment is now expected to take place in late June 2024. The court has set a trial date of September 9, 2024.

The parties are engaged in fact discovery, and Hippo intends to move for summary judgment against the Any potential losses associated with Mr. Navon's claims alleged in the amended complaint. cannot be estimated at this time.

13. Stockholders' Equity

Common Stock

On August 2, 2021, the The Company's common stock and warrants began trading trade on the New York Stock Exchange ("NYSE") under the ticker symbols "HIPO" and "HIPO.WS," respectively. Pursuant to its Certificate of Incorporation, the Company is authorized to issue 80 million shares of common stock, with a par value of \$0.0001 per share. Each share of common stock is entitled to one vote. The holders of the common stock are also entitled to receive dividends

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whenever funds are legally available and when declared by the board of directors. No dividends have been declared or paid since inception.

Stock-Based Compensation Plans

2019 Stock Option and Grant Plan

The Company's 2019 Stock Option and Grant Plan ("the 2019 Stock Plan") provides for the direct award or sale of shares, the grant of options to purchase shares, and the grant of restricted stock units ("RSUs") to employees, consultants, and outside directors of the Company. Stock options under the plan may be either incentive stock options ("ISOs") or non-qualified stock options ("NSOs"), with an exercise price of not less than 100% of fair market value on the grant date, with a term less than or equal to ten years. The vesting period of each option and RSU shall be as determined by a committee of the Company's board of directors but is generally over four years. Upon the closing of the Business

Combination, the remaining unallocated share reserve under the 2019 Plan was cancelled and no new awards will be granted under such plan. Awards outstanding under the 2019 Plan were assumed by the Company upon the Closing and continue to be governed by the terms of the 2019 Plan.

2021 Incentive Award Plan

The Company's 2021 Incentive Award Plan (the "2021 Plan"), which authorized for issuance 3.1 million shares of common stock. The 2021 Plan provides for the issuance of a variety of stock-based compensation awards, including stock options, stock appreciation rights ("SARs"), restricted stock awards, restricted stock unit awards, performance bonus awards, performance stock unit awards, dividend equivalents, or other stock or cash-based awards. The vesting period of each option and award shall be as determined by a committee of the Company's board of directors but is generally over two to four years. This reserve increases on January 1 of each year through 2031, by an amount equal to the smaller of: (i) 5% of the number of shares of common stock issued and outstanding on the last day of the immediately preceding fiscal year, or (ii) an amount determined by the board of directors.

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Stock Options

The following table summarizes option activity under the plans:

		Options Outstanding		Options Outstanding		Weighted-Average Remaining	Aggregate Intrinsic Value (In Millions)
		Number of Shares		Options Outstanding	Weighted-Average Remaining	Intrinsic Value (In Millions)	
		Number of Shares	Weighted-Average Exercise Price	Contract Term (In Years)	Aggregate Intrinsic Value (In Millions)		
Outstanding as of December 31, 2023							
Outstanding as of December 31, 2023							
Outstanding as of December 31, 2022		1,986,978	\$ 36.54	7.8	\$ 1.3		
Outstanding as of December 31, 2023							
Granted	Granted	—	—				
Exercised	Exercised	(103,002)	11.89				
Exercised							
Exercised							
Cancelled/Expired		Cancelled/Expired (257,719)	25.30				
Outstanding as of September 30, 2023		1,626,257	16.12	7.1	\$ 0.1		
Vested and exercisable as of September 30, 2023		1,273,336	\$ 16.09	6.9	\$ 0.1		
Cancelled/Expired							
Cancelled/Expired							
Outstanding as of March 31, 2024							
Outstanding as of March 31, 2024							
Outstanding as of March 31, 2024							
Vested and exercisable as of March 31, 2024							

The aggregate intrinsic value of options exercised during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** was **\$0.5 million** **\$0.4 million** and **\$3.5 million** **\$0.3 million**, respectively, and is calculated based on the difference between the exercise price and the fair value of the Company's common stock as of the exercise

date. There were no options granted during the three months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**.

Total unrecognized compensation cost of **\$6.8 million** **\$2.5 million** as of **September 30, 2023** **March 31, 2024** is expected to be recognized over a weighted-average period of 1.1 years.

Valuation Assumptions of Stock Options

The fair value of granted stock options are estimated as of the date of grant using the Black-Scholes-Merton option-pricing model, based on the following inputs:

Expected Term – The expected term represents the period that the Company's Stock-Based Awards are expected to be outstanding. The Company has opted to use the simplified method for estimating the expected term of options. Accordingly, the expected term equals the arithmetic average of the vesting term and the original contractual term of the option (generally 10 years).

Expected Volatility – Due to the Company's limited operating history and a lack of company specific historical and implied volatility data, the Company has based its estimate of expected volatility on the historical volatility of a group of peer companies that are publicly traded. The historical volatility data was computed using the daily closing prices for the selected companies' shares during the equivalent period of the calculated expected term of the Stock-Based Awards.

Risk-Free Interest Rate – The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero coupon U.S. Treasury notes with maturities approximately equal to the grant's expected term.

Expected Dividend Yield – The Company has never paid dividends and does not currently expect to pay dividends.

Fair value of common stock – The Company determined the value of its common stock based on the observable daily closing price of its common stock (ticker symbol "HIPO").

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Early Exercises of Stock Options

In 2020 and 2021, certain employees early exercised stock options with cash. On September 30, 2023 and December 31, 2022, the Company had \$0.9 million and \$1.4 million, respectively, recorded in accrued expenses and other liabilities related to early exercises of the stock options, and the related number of unvested shares subject to repurchase was 0.0 million and 0.1 million, respectively.

Stock Option Repricing

On March 1, 2023, the Company's Board of Directors ("Board") approved a one-time repricing of certain stock option awards. The repricing will impact impacted out-of-the-money stock options held by all employees who remain were employed through March 6, 2023 (the "Repricing Date"), including the Company's executive officers. Each stock option was repriced to have a per share exercise price equal to the closing price of the Company's common stock on the Repricing Date, except that the per share exercise price of each stock option held by any of the Company's executive officers that was repriced is was subject to a premium. The premium will be was in effect from the Repricing Date through the first anniversary of the Repricing Date (the "Premium End Date"). In the event the applicable executive officer (i) exercises exercised his/her stock options prior to the Premium End Date or (ii) does did not provide services to the Company as an employee or a consultant through the Premium End Date, the per share exercise price applicable to his/her stock options will be was two times the closing price of the Company's common stock on the Repricing Date. There were no changes to the number of shares, the vesting schedule or the expiration date of the repriced stock options. As a result of the repricing, the Company recorded will record an incremental share-based compensation charge of \$3.6 million, of which \$1.4 million was recognized on the Repricing Date, and \$2.2 million will be is being recognized over the remaining term of the repriced options.

Restricted Stock Units and Performance Restricted Stock Units

The Company grants service based RSUs and performance based RSUs ("PRSUs") as part of the Company's equity compensation plans. The Company measures RSU and PRSU expense for awards granted based on the estimated fair value of those awards at the grant date. To estimate the fair value of PRSUs containing a market condition, the Company uses used the Monte Carlo valuation model. The fair value of all other awards is based on the closing price of the Company's common stock as reported on the NYSE on the date of grant. The RSUs

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generally vest over a period of two to four years. The PRSUs vest based on the level of achievement of the performance goals and continued employment with the Company over a one to four year performance period.

Stock-based compensation expense for RSUs is recognized based on the straight-line basis over the employee requisite service period. Stock-based compensation expense for PRSUs is recognized on a graded accelerated basis over the employee requisite service period. The Company accounts for forfeitures as they occur.

In June During 2022, the Company began granting PRSUs. Half of the PRSUs granted are subject to the achievement of market-based performance goals, and the remaining PRSUs are subject to vesting pursuant to internal financial measures. The actual number of units that ultimately vest will range from 0% to 100% of the granted amount, based on the level of achievement of the performance goals and continued employment with the Company. During the nine months ended September 30, 2023 and 2022, 1.4 million and 2.3 million PRSUs were granted.

The following table summarizes the RSU and PRSU activity for the nine three months ended September 30, 2023 March 31, 2024:

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	Weighted Average Grant- Date Fair Value per Share	Number of Shares
Unvested and outstanding as of December 31, 2022	2,881,984	\$ 41.15
Number of Shares		
Unvested and outstanding as of December 31, 2023		
Granted	Granted 1,372,585	17.97
Released	Released (861,292)	40.81
Canceled and forfeited	Canceled (414,068)	39.29
Unvested and outstanding as of September 30, 2023	<u>2,979,209</u>	<u>\$ 30.79</u>
Number of Shares		
Unvested and outstanding as of March 31, 2024		

Total unrecognized compensation cost related to unvested RSUs and PRSUs is \$65.8 \$39.3 million as of September 30, 2023 March 31, 2024, and it is expected to be recognized over a weighted-average period of 1.8 1.5 years.

2021 Employee Stock Purchase Plan

The Company's Company adopted the 2021 Employee Stock Purchase Plan (the "2021 ESPP"), which authorized 0.5 million shares of common stock for issuance. The 2021 ESPP became effective on October 25, 2021. The 2021 ESPP is designed to allow eligible employees of the Company to purchase shares of the Company's common stock with their accumulated payroll deductions at a price equal to 85% of the lesser of the fair market value on the first business day of the offering period or on the designated purchase date of the offering period, up to a maximum purchase amount of \$25,000 during the calendar year. The 2021 ESPP offers a six-month look-back feature as well as an automatic reset feature that provides for an offering period to be reset to a new lower-priced offering if the offering price of the new offering period is less than that of the current offering period. During the nine months ended September 30, 2023, 80,990 No shares have been were issued under the 2021 ESPP for \$1.0 million. During during the nine three months ended September 30, 2022, 46,000 shares have been issued under the 2021 ESPP for \$1.6 million. March 31, 2024 and 2023. In addition, the number of shares available for issuance under the 2021 ESPP will be is increased annually increased on January 1 of each calendar year beginning in 2022 and ending in 2031, by an amount equal to the lesser of (i) one percent of the shares outstanding (on a converted basis) on the last day of the immediately preceding fiscal year and (ii) such number of shares as may be determined by the board of directors.

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Stock-Based Compensation

Total stock-based compensation expense, classified in the accompanying **condensed** consolidated statements of operations and comprehensive loss was as follows (in millions):

	Three Months Ended		Nine Months Ended		
	September 30,	2023	September 30,	2023	2022
March 31, 2024	Three Months Ended		Three Months Ended		March 31,
Losses and loss adjustment expenses					
Losses and loss adjustment expenses					
Losses and loss adjustment expenses	Losses and loss adjustment expenses	\$ 0.4	\$ 0.7	\$ 1.0	\$ 1.9
Insurance related expenses	Insurance related expenses	1.1	1.4	3.7	3.9
Insurance related expenses	Insurance related expenses				
Technology and development	Technology and development	2.8	5.1	10.1	15.9
Technology and development	Technology and development				
Sales and marketing	Sales and marketing	3.3	4.0	11.2	9.3
Sales and marketing	Sales and marketing				
General and administrative	General and administrative	6.4	5.8	20.8	15.3
General and administrative	General and administrative				
Total stock-based compensation expense	Total stock-based compensation expense	\$14.0	\$17.0	\$46.8	\$46.3

Total stock-based compensation expense
Total stock-based compensation expense

Stock Repurchases

In March 2023, the **Company's Board of Directors** authorized the repurchase of up to \$50.0 million of its common stock, with no expiration date. Repurchases under the program may be made in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases to be determined at the Company's discretion depending on market conditions and corporate needs. Open market repurchases will be structured to occur in accordance with applicable federal securities laws, including within the pricing and volume requirements of Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The Company may also, from

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time to time, enter into Rule 10b5-1 plans to facilitate repurchases of its common stock under this authorization. This program does not obligate the Company to acquire any particular amount of its common stock, and may be modified, suspended or terminated at any time at the Company's discretion. During No share repurchases were made under this program during the nine three months ended September 30, 2023, the Company repurchased 0.1 million shares of its common stock for \$1.8 million under this program. March 31, 2024. As of September 30, 2023 March 31, 2024, \$48.2 million of common stock remains available for repurchases. Shares repurchased by the Company are accounted for when the transaction is settled. As of September 30, 2023 March 31, 2024, there were no unsettled share repurchases. Direct costs incurred to acquire the shares are included in the total cost of the shares.

14. Restructuring

On August 31, 2022, the Company instituted an organizational realignment, including a workforce reduction impacting approximately 10% of the Company's headcount. This strategic reduction of existing workforce was intended to drive efficiency and increase focus on strategic priorities. As a result, approximately 70 employees in various departments and locations were terminated. Each employee terminated as part of the reduction was offered severance, benefits and related costs. The Company recognized charges of \$1.8 million for severance, benefits and related costs as a result of these actions for the three and nine months ended September 30, 2022, respectively. The charges are included in impairment and restructuring charges in the accompanying consolidated statements of operations and comprehensive income (loss). The Company did not incur any additional charges associated with the restructuring, and the cash payments associated with this restructuring were substantially complete as of September 30, 2022. There were no restructuring charges for the nine months ended September 30, 2023. Refer to Note 18 of the accompanying consolidated financial statements for additional information on restructuring.

15. Income Taxes

The consolidated effective tax rate was (0.1)(0.7)% and (0.3)(0.4)% for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. The difference between the rate for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 and the U.S. federal income tax rate of 21% was due primarily to a full valuation allowance against the Company's net deferred tax assets.

As of September 30, 2023 March 31, 2024 and 2022, 2023, the Company has \$4.1 \$5.4 million and \$2.2 \$3.5 million of unrecognized tax benefits, respectively, fully offset by a valuation allowance. No material interest or penalties were incurred during the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023.

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15. Net Loss Per Share Attributable to Common Stockholders

Net loss per share attributable to common stockholders was computed as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Numerator:				
Net loss attributable to Hippo – basic and diluted (in millions)	\$ (53.1)	\$ (129.2)	\$ (230.8)	\$ (270.3)
Denominator:				
Weighted-average shares used in computing net loss per share attributable to Hippo – basic and diluted	23,729,570	22,839,916	23,440,555	22,651,026
Net loss per share attributable to Hippo – basic and diluted	\$ (2.24)	\$ (5.66)	\$ (9.85)	\$ (11.93)

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	Three Months Ended	
	March 31,	
	2024	2023
Numerator:		
Net loss attributable to Hippo – basic and diluted (in millions)	\$ (35.7)	\$ (69.8)
Denominator:		
Weighted-average shares used in computing net loss per share attributable to Hippo — basic and diluted	24,225,650	23,198,491
Net loss per share attributable to Hippo — basic and diluted	<u>\$ (1.47)</u>	<u>\$ (3.01)</u>

The potential shares of common stock that were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been antidilutive are as follows:

	March 31,		March 31,	
	2024		2023	
	September 30,	2023	2023	2023
Outstanding options				
Outstanding options				
Outstanding options	1,626,257	2,215,726	1,441,527	1,864,217
Common stock from outstanding warrants	360,000	360,000	360,000	360,000
Common stock subject to repurchase	32,577	106,308		
Common stock subject to repurchase			19,539	52,134
RSU and PRSUs	2,979,526	2,642,416	2,526,930	2,602,593
Total	<u>4,998,360</u>	<u>5,324,450</u>	<u>4,347,996</u>	<u>4,878,944</u>

17.16. Segments

Starting with the first quarter of 2023, the Company realigned its internal reporting to reflect how the Company now manages and monitors its operating results. As a result of these changes, the Company now has three reportable segments: Services, Insurance-as-a-Service, and Hippo Home Insurance Program.

The Company's Services segment earns fees and/or commission income without assuming underwriting risk or need for reinsurance. The Company also partners with home builders, as well as independent agencies, to source insureds seeking a product for which the Company provides the best carrier for the insured, whether it be of Hippo or a third-party carrier, including other insurance products like auto, rental, etc.

Insurance-as-a-Service is managed through the Company's subsidiary Spinnaker and is a platform to support third party MGAs. The Company rents its capital, 50 state licenses and the strong financial rating of Spinnaker (rated "A" Excellent by A.M. Best) to earn fee-based revenues with the assumption of limited underwriting risk using quota-share reinsurance. The Company also earns a portion of the premiums paid to it for the risk the Company retains as well as generates investment income. The diversification of the Company's balance sheet allows it to carry less capital than the Company's MGA clients would be required to on their own.

The Hippo Home Insurance Program is the Company's Hippo-branded homeowners insurance business. The Company's main source of revenue is the premiums paid to it by the Company's homeowner customers. In addition, the Company's revenues include commissions for premiums the Company cedes to third parties, policy and services fees and investment income. The Company's strategy is to retain the portion of the underwriting risk where the Company believes its loss prevention strategies are the most effective.

The Company's Chief Executive Officer, who serves as the chief operating decision maker ("CODM"), evaluates the financial performance of the Company's segments based upon segment revenues and segment adjusted operating income or

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(loss) as the profitability measure. Items outside of adjusted operating income or (loss) are not reported by segment, since they are excluded from the single measure of segment profitability reviewed by the CODM. The Company's CODM does not use segment assets to allocate resources or to assess performance of the segments and, therefore, segment assets have not been reported separately.

The tables below present segment information reconciled to total Net Loss attributable to Hippo, for the periods indicated (in millions). Financial information for the period ended September 30, 2022 has been revised to conform with the current year presentation.

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Three Months Ended September 30, 2023										Three Months Ended March 31, 2024										Three Months Ended March 31, 2024											
Revenue:	Revenue:																														
Net earned premium																															
Net earned premium																															
Net earned premium	Net earned premium	\$	—	\$	12.2	\$	20.7	\$	—	\$	32.9																				
Commission income, net	Commission income, net		11.5		5.4		(0.5)		(2.2)		14.2	Commission income, net																			
Service and fee income	Service and fee income		0.1		—		4.8		—		4.9	Service and fee income																			
Net investment income	Net investment income		—		1.8		3.9		—		5.7	Net investment income																			
Total Revenue			11.6		19.4		28.9		(2.2)		57.7	Total revenue																			
Total revenue												Total revenue																			
Adjusted Operating Expenses:	Adjusted Operating Expenses:																														
Loss and loss adjustment expense																															
Loss and loss adjustment expense																															
Loss and loss adjustment expense	Loss and loss adjustment expense		—		5.2		31.0		—		36.2																				

Insurance related expense	Insurance related expense	—	7.1	9.4	(0.7)	15.8	
Sales and marketing	Sales and marketing	10.6	—	4.3	(0.9)	14.0	
Technology and development	Technology and development	4.5	0.2	4.3	—	9.0	
General and administrative	General and administrative	3.3	1.5	7.7	—	12.5	
Other expenses	Other expenses	0.1	—	—	—	0.1	
Total adjusted operating expenses	Total adjusted operating expenses	18.5	14.0	56.7	(1.6)	87.6	
Less: Net investment income	Less: Net investment income	—	(1.8)	(3.9)	—	(5.7)	
Less: Noncontrolling interest	Less: Noncontrolling interest	(2.8)	—	—	—	(2.8)	
Adjusted operating income (loss)	Adjusted operating income (loss)	(9.7)	3.6	(31.7)	(0.6)	(38.4)	
Net investment income	Net investment income			5.7	Net investment income		
Depreciation and amortization	Depreciation and amortization			(4.9)	Depreciation and amortization		
Stock-based compensation	Stock-based compensation			(14.0)			
Stock-based compensation	Stock-based compensation						
Fair value adjustments	Fair value adjustments			0.2	Fair value adjustments		
Contingent consideration charge				(0.8)			
Other one-off transactions	Other one-off transactions			(1.2)			
Income tax benefit				0.3			
Other one-off transactions	Other one-off transactions						
Income tax expense							
Impairment and restructuring charges							
Net loss attributable to Hippo	Net loss attributable to Hippo			\$ (53.1)			
Net loss attributable to Hippo	Net loss attributable to Hippo						
Income tax expense	Income tax expense						

Noncontrolling
interest
Loss before
income taxes

(3) Intersegment eliminations include commissions paid from Hippo Home Insurance Program for policies sold by the Company's Services segment (revenue, cost, and other adjustments in respective business units eliminated as part of consolidation).

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		Three Months Ended September 30, 2022					Three Months Ended March 31, 2023					Three Months Ended December 31, 2023														
				Hippo					Hippo																	
		Insurance- Services		as-a- Service			Insurance Program		Intersegment Eliminations ⁽¹⁾			Insurance- Program		Hippo Home Insurance		Intersegment Eliminations ⁽¹⁾										
																	Total									
Revenue:	Revenue:																Total									
Net earned premium	Net earned premium																Total									
Net earned premium	Net earned premium	\$ —	\$ 6.2	\$ 4.5	\$ —	\$ 10.7	Net earned premium	Commission income, net	Commission income, net	Service and fee income	Net investment income	Net investment income	Net investment income	Net investment income	Net investment income	Net investment income	Net investment income	Net investment income								
Commission income, net	Commission income, net	9.4	3.1	6.9	(5.1)	14.3	Commission income, net	9.6	3.8	6.2	(2.2)	17.4	17.4	17.4	17.4	17.4	17.4	17.4								
Service and fee income	Service and fee income	0.1	—	3.1	—	3.2	Service and fee income	0.2	—	3.0	—	3.2	3.2	3.2	3.2	3.2	3.2	3.2								
Net investment income	Net investment income	—	0.7	1.8	—	2.5	Net investment income	—	1.5	3.9	—	5.4	5.4	5.4	5.4	5.4	5.4	5.4								
Total Revenue	Total Revenue	9.5	10.0	16.3	(5.1)	30.7	Total revenue	9.8	12.9	19.3	(2.2)	39.8	39.8	39.8	39.8	39.8	39.8	39.8								
Adjusted Operating Expenses:	Adjusted Operating Expenses:																Total									
Loss and loss adjustment expense	Loss and loss adjustment expense																Total									
Loss and loss adjustment expense	Loss and loss adjustment expense	—	6.0	17.4	—	23.4	Loss and loss adjustment expense	—	6.0	17.4	—	23.4	23.4	23.4	23.4	23.4	23.4	23.4								
Insurance related expense	Insurance related expense	—	0.2	16.7	(5.1)	11.8	Insurance related expense	—	0.2	16.7	(5.1)	11.8	11.8	11.8	11.8	11.8	11.8	11.8								
Sales and marketing	Sales and marketing	19.8	—	4.1	—	23.9	Sales and marketing	19.8	—	4.1	—	23.9	23.9	23.9	23.9	23.9	23.9	23.9								
Technology and development	Technology and development	1.8	—	7.6	—	9.4	Technology and development	1.8	—	7.6	—	9.4	9.4	9.4	9.4	9.4	9.4	9.4								

General and administrative	General and administrative	2.2	1.1	9.5	—	12.8
Other expenses	Other expenses	—	—	—	—	—
Total adjusted operating expenses	Total adjusted operating expenses	23.8	7.3	55.3	(5.1)	81.3
Less: Net investment income	Less: Net investment income	—	(0.7)	(1.8)	—	(2.5)
Less: Noncontrolling interest	Less: Noncontrolling interest	(1.7)	—	—	—	(1.7)
Adjusted operating loss	Adjusted operating loss	(16.0)	2.0	(40.8)	—	(54.8)
Adjusted operating income (loss)	Adjusted operating income (loss)	—	—	—	—	—
Net investment income	Net investment income	—	—	—	2.5	Net investment income
Depreciation and amortization	Depreciation and amortization	—	—	—	(3.8)	Depreciation and amortization
Stock-based compensation	Stock-based compensation	—	—	(17.0)	—	—
Stock-based compensation	Stock-based compensation	—	—	—	—	—
Fair value adjustments	Fair value adjustments	—	—	—	0.2	Fair value adjustments
Contingent consideration charge	Contingent consideration charge	—	—	(0.2)	—	—
Other one-off transactions	Other one-off transactions	—	—	—	—	—
Other one-off transactions	Other one-off transactions	—	—	—	—	—
Other one-off transactions	Other one-off transactions	—	—	(0.5)	—	—
Income tax expense	Income tax expense	—	—	—	(0.3)	Income tax expense
Restructuring charges	Restructuring charges	—	—	(1.8)	—	—
Goodwill impairment charge	Goodwill impairment charge	—	—	(53.5)	—	—
Net loss attributable to Hippo	Net loss attributable to Hippo	—	—	—	—	\$ (129.2)
Net loss attributable to Hippo	Net loss attributable to Hippo	—	—	—	—	—
Income tax expense	Income tax expense	—	—	—	—	—
Noncontrolling interest	Noncontrolling interest	—	—	—	—	—
Loss before income taxes	Loss before income taxes	—	—	—	—	—

^(a)Intersegment eliminations include commissions paid from Hippo Home Insurance Program for policies sold by the Company's Services segment (revenue, cost, and other adjustments in respective business units eliminated as part of consolidation).

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	Nine Months Ended September 30, 2023					
	Services	Insurance-as-a-Service	Hippo Home Insurance Program	Intersegment Eliminations ⁽¹⁾	Total	
Revenue:						
Net earned premium	\$ —	\$ 29.7	\$ 39.3	\$ —	\$ 69.0	
Commission income, net	32.4	14.1	8.5	(7.2)	47.8	
Service and fee income	0.4	—	11.5	—	11.9	
Net investment income	—	4.8	11.7	—	16.5	
Total Revenue	32.8	48.6	71.0	(7.2)	145.2	
Adjusted Operating Expenses:						
Loss and loss adjustment expense	—	11.7	138.2	—	149.9	
Insurance related expense	—	16.0	27.9	(2.3)	41.6	
Sales and marketing	33.9	—	14.4	(3.3)	45.0	
Technology and development	12.3	0.5	13.6	—	26.4	
General and administrative	9.3	4.1	23.1	—	36.5	
Other expenses	0.5	—	—	—	0.5	
Total adjusted operating expenses	56.0	32.3	217.2	(5.6)	299.9	
Less: Net investment income	—	(4.8)	(11.7)	—	(16.5)	
Less: Noncontrolling interest	(7.1)	—	—	—	(7.1)	
Adjusted operating income (loss)	(30.3)	11.5	(157.9)	(1.6)	(178.3)	
Net investment income						16.5
Depreciation and amortization						(14.4)
Stock-based compensation						(46.8)
Fair value adjustments						0.2
Contingent consideration charge						(4.5)
Other one-off transactions						(3.3)
Income tax expense						(0.2)
Net loss attributable to Hippo					\$ (230.8)	

⁽¹⁾Intersegment eliminations include commissions paid from Hippo Home Insurance Program for policies sold by the Company's Services segment (revenue, cost, and other adjustments in respective business units eliminated as part of consolidation).

HIPPO HOLDINGS INC.
Notes to Consolidated Financial Statements
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	Nine Months Ended September 30, 2022					
	Services	Insurance-as-a-Service	Hippo Home Insurance Program	Intersegment Eliminations ⁽¹⁾	Total	
Revenue:						
Net earned premium	\$ —	\$ 15.6	\$ 15.3	\$ —	\$ 30.9	
Commission income, net	25.0	8.1	18.1	(12.5)	38.7	
Service and fee income	0.8	—	9.5	—	10.3	
Net investment income	—	1.3	2.7	—	4.0	
Total Revenue	25.8	25.0	45.6	(12.5)	83.9	
Adjusted Operating Expenses:						
Loss and loss adjustment expense	—	9.9	63.9	—	73.8	
Insurance related expense	—	6.5	41.9	(12.5)	35.9	

Sales and marketing	44.5	0.2	13.8	—	58.5
Technology and development	5.3	—	23.1	—	28.4
General and administrative	6.8	3.3	27.5	—	37.6
Other expenses	0.5	—	—	—	0.5
Total adjusted operating expenses	57.1	19.9	170.2	(12.5)	234.7
Less: Net investment income	—	(1.3)	(2.7)	—	(4.0)
Less: Noncontrolling interest	(4.3)	—	—	—	(4.3)
Adjusted operating income (loss)	(35.6)	3.8	(127.3)	—	(159.1)
Net investment income					4.0
Depreciation and amortization					(11.2)
Stock-based compensation					(46.3)
Fair value adjustments					2.8
Contingent consideration charge					(2.6)
Other one-off transactions					(1.8)
Income tax expense					(0.8)
Restructuring charges					(1.8)
Goodwill impairment charge					(53.5)
Net loss attributable to Hippo				\$	(270.3)

(a)Intersegment eliminations include commissions paid from Hippo Home Insurance Program for policies sold by the Company's Services segment (revenue, cost, and other adjustments in respective business units eliminated as part of consolidation).

18. Subsequent Events

On October 26, 2023, the Company initiated an organizational realignment, including an involuntary workforce reduction affecting up to approximately 120 employees, which represents approximately 20% of the Company's worldwide workforce. This strategic reduction of existing workforce is intended to drive efficiency and increase focus on strategic priorities. The Company notified the majority of the affected employees on October 26, 2023, with most job eliminations effective on November 1, 2023. In the fourth quarter of 2023, the Company expects to record charges of approximately \$2.2 million to \$2.7 million for severance, benefits, and related costs as a result of these actions, materially all of which are expected to result in cash expenditures in the same period.

HIPPO HOLDINGS INC.

Notes to Consolidated Financial Statements (Unaudited)

expects to record charges of approximately \$2.2 million to \$2.7 million for severance, benefits, and related costs as a result of these actions, materially all of which are expected to result in cash expenditures in the same period.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "we," "our," "Hippo" and "the Company" refer to the business and operations of Hippo Holdings Inc. and its consolidated subsidiaries. You should read the following discussion of our financial condition and results of operations in conjunction with our condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the Securities and Exchange Commission.

Overview

Hippo is a different kind of home protection insurance holding company built from the ground up with subsidiaries that provide property and casualty insurance products to provide a higher standard of care both individuals and protection for homeowners. Our goal is to make homes safer business customers. We conduct our operations through three reportable segments: Services, Insurance-as-a-Service, and better protected so that customers spend less time worrying about the burdens of homeownership and more time enjoying their homes and their lives within. Harnessing real-time data, smart home technology, and a suite of home services, we have created an integrated home protection platform.

The home insurance industry has long been defined by incumbents that we believe deliver a passive, high-friction experience to policyholders. We view these incumbents as constrained by outdated captive-agent distribution models, legacy technology, and strong incentives not to disrupt their businesses. Accordingly, the industry has not seen meaningful innovation in decades. We believe this results in a flawed customer experience that creates a transactional, adversarial relationship—one that pits insurance companies and their "policyholders" against each other in a zero-sum game. The outcome of this misalignment is an experience that is out of touch with the needs of modern homeowners.

As a digital-first, customer-centric company, we offer an improved customer value proposition and are well-positioned to succeed in this growing market. By making our policies fast and easy to buy, designing coverages around the needs of modern homeowners, and making tools available to homeowners to help them proactively maintain their homes and potentially prevent claims, we have created an active partnership with our customers to better protect their homes, which saves our customers money and is expected to deliver a better economic outcome for Hippo.

Beyond a core insurance experience that is simple, intuitive, and human, we focus our resources on Hippo's true promise: better outcomes for homeowners. With the support of Hippo Home Care, customers may be better prepared to detect and address home maintenance issues before they become major losses. And we help Insurance Program. We offer our customers maintain their homes with maintenance advice and access to experts and services designed to reduce primarily in the probability of future losses. In short, we have created an integrated home protection platform, which offers a suite of proactive features designed to prevent loss and provide greater peace of mind.

Our partnership with our customers is designed to create a virtuous cycle. By making homes safer, we help deliver better risk outcomes and increase customer loyalty, which improves our unit economics and customer lifetime value ("LTV"). This enables us to invest in expanding our product offering, customer value proposition, and marketing programs, which help attract more customers to the Hippo family. This growth generates more data and insights to fuel further innovation in our product experience and improved underwriting precision. The result is even safer homes and more loyal customers. We believe this virtuous cycle, combined with our significant existing scale, deep partnerships, and compelling unit economics, will propel Hippo to become a trusted household name synonymous with home protection, United States.

In the third quarter of 2023 we began taking several actions to lower the volatility of our Hippo Homeowners Insurance Program portfolio in light of the significant catastrophe losses we experienced in the second quarter, including raising rates on a portion of our renewal business, increasing deductibles for wind and hail perils, selectively non-renewing policies in certain regions, and instituting a nationwide pause on underwriting new premiums for our HO3 business as we examine our risk appetite. We also launched an expense reduction initiative across the Company, including a reduction in staff which we announced in October 2023.

Further information on our business and reportable segments is presented in Part I, Item 1, "Business" and in Note 22 of the Notes to the Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of our Annual Report on Form 10-K for the year ended December 31, 2023.

Reinsurance

We utilize reinsurance primarily to support the growth of our new and renewal insurance business, to reduce the volatility of our earnings, and to optimize our capital management.

As an MGA, we underwrite homeowners insurance policies on behalf of our insurance company subsidiaries (Spinnaker and SSIC) Spinaker Specialty Insurance Company ("SSIC") and other non-affiliated third-party insurance carriers. These carriers purchase reinsurance from a variety of sources and in a variety of structures. In the basic form of this arrangement, fronting insurance carriers will typically cede a significant portion of the total insurance premium they earn from customers, in return for a proportional amount of reinsurance protection. This is known as "ceding" premium and losses through a "quota share" or "proportional" reinsurance treaty.

The fronting insurance carrier and the MGA are paid a percentage of the ceded premium as compensation for sales and marketing, underwriting, insurance, support, claims administration, and other related services (in totality, known as a ceding commission). As additional protection against natural catastrophes or other large loss events, the fronting carrier frequently purchases additional, non-proportional reinsurance.

Without reinsurance protection, the insurer would shoulder all of the insurance risk itself and would need incremental capital to satisfy regulators and rating agencies. Reinsurance allows a carrier to write more business while reducing its balance sheet exposure and volatility of earnings.

Proportional Reinsurance Treaties — Hippo Home Insurance Program

For our Hippo primary homeowners' reinsurance program for policies with effective dates in 2024, we elected not to purchase proportional reinsurance. Based on our growing confidence in the profitability and predictability of our underwriting results, we decided to retain more of the exposure and associated premium.

For business produced through our builder channel for policies with effective dates in 2024, we purchased proportional reinsurance from one third-party reinsurer and expect to retain approximately 85% of the premium and associated risk, before purchasing catastrophe protection. All reinsurance obligations are appropriately collateralized. The reinsurance contracts are subject to contingent commission adjustments and a loss occurrence limit, which aligns our interests with that of the reinsurer.

Effective January 1, 2024, we also elected to cut off 25% of the reinsurer's participation on the 2023 proportional reinsurance treaty and retain the remaining exposure and related premiums.

In 2024, we continue to further protect our balance sheet through the purchase of non-proportional reinsurance described below in the section titled "Non-Proportional Reinsurance."

For our primary homeowners' reinsurance treaty commencing program for policies with effective dates in 2023, we secured proportional reinsurance from a diverse panel of third-party reinsurers. All reinsurers are either rated "A-" Excellent or better by AM Best, or the reinsurance is appropriately collateralized. In 2023, we retained approximately 40% of the premium through our insurance company subsidiaries or our captive reinsurance company, RHS, before purchasing catastrophe protection. Additionally, the reinsurance contracts are subject to contingent commission adjustments and loss participation features, which align our interests with those of our reinsurers. Loss participation features may increase the amount of losses retained by our insurance company subsidiaries in excess of our pro rata participation.

For business produced through our builder channel for policies with effective dates in 2023, we purchased proportional reinsurance from three third-party reinsurers. All reinsurers are rated "A-" Excellent or better by AM Best, or the reinsurance is appropriately collateralized. In 2023, we are retaining approximately 58% of the premium produced through our insurance company subsidiaries or RHS, before purchasing catastrophe protection. The reinsurance contracts are subject to contingent commission adjustments and limited loss participation features, which align our interests with those of the reinsurers.

For our primary homeowners reinsurance treaty commencing program for policies with effective dates in 2022, we secured quota share reinsurance from a diverse panel of third-party reinsurers. All reinsurers are either rated "A-" Excellent or better by AM Best, or the reinsurance is collateralized. In 2022, we retained approximately 10% of the premium through our insurance company subsidiaries, including our captive reinsurance company, RHS. Additionally, the reinsurance contracts are subject to variable commission adjustments and loss participation features, including loss ratio caps and loss corridors, which align our interests with those of our reinsurers. Similar to the prior year, we saw increased use of loss participation features in the 2022 reinsurance agreements, which increased the amount of losses retained by our insurance company subsidiaries in excess of our pro rata participation in both the 2022 and 2023 fiscal periods.

For our primary homeowners reinsurance treaty that commenced in 2021, we secured proportional reinsurance from a diverse panel of third-party reinsurers with AM Best ratings of "A-" Excellent or better. A total of approximately 12% of the premium was retained either by Spinnaker or RHS, which aligns the Company's interests with third-party reinsurers. Two of the reinsurers, representing approximately one-third of the programs, provided three-year agreements.

We also seek to further reduce our risk retention through purchases of non-proportional reinsurance described below.

Non-Proportional Reinsurance — Hippo Home Insurance Program

We also purchase non-proportional XOL excess of loss catastrophe coverage ("XOL") reinsurance which includes traditional reinsurance protection, state subsidized reinsurance protection, catastrophe bonds, and industry loss warranty products. Through our insurance company subsidiaries, we are exposed to the risk of natural catastrophe events that could occur on the risks arising from policies underwritten by us or other MGAs. We are also exposed to this risk through our captive reinsurer, which takes on a share of the risk underwritten by our MGA business.

In May 2023, Spinnaker secured new catastrophe protection through a per occurrence excess of loss XOL reinsurance agreement with Mountain Re Ltd. ("Mountain Re"), an independent Bermuda company, licensed as a Special Purpose Insurer. The reinsurance agreement meets the requirements to be accounted for as reinsurance in accordance with the guidance for reinsurance contracts. In connection with the reinsurance agreement, Mountain Re issued notes (generally referred to as "catastrophe bonds") to investors, consistent with the amount of coverage provided under the reinsurance agreement.

The reinsurance agreement provides us with coverage through June 2026, and pursuant to the agreement, Mountain Re provides XOL reinsurance coverage to Spinnaker for losses from a variety of perils, including named storms, fire following an earthquake, severe thunderstorms, and winter storms on business produced through the Hippo MGA.

Under the terms of the reinsurance agreement, we are obligated to pay annual reinsurance premiums to Mountain Re for the reinsurance coverage. Amounts payable under the reinsurance agreement with respect to any covered event cannot exceed our actual losses from such event. The principal amount of the catastrophe bonds will be reduced by any amounts paid to us under the reinsurance agreement.

In June 2023, our captive reinsurance company, RHS, entered into an Industry Loss Warranty (ILW) with a third party under which loss payments are triggered by reference to the level of losses incurred by the insurance industry as whole for pre-defined events, rather than by losses incurred by us. RHS entered into the ILW in order to hedge the risk of us experiencing a catastrophic hurricane loss on business assumed.

Our XOL program provides us protection from catastrophes that could impact a large number of insurance policies. We buy XOL so that the probability of losses from a single occurrence exceeding the protection purchased is no more than 0.4%, or equivalent to a 1 in 250 year 250-year return period when considered with the corporate catastrophe and Florida Hurricane Catastrophe Fund (the "FHCF") XOL described below under "Other Reinsurance". This reinsurance protects us from all but the most severe catastrophic events.

Other Reinsurance

Spinnaker also purchases reinsurance for programs written by MGAs other than Hippo. Hippo through our Insurance-as-a-Service business. The reinsurance treaties are a mix of proportional and XOL in which approximately 75% generally 80% to 100% of the risk, up to the 1 in 250-year return period, is ceded. The reinsurance contracts are subject to variable commission adjustments and loss participation features, including loss caps, and which may increase the amount of losses retained by us in excess of our pro-rata participation. Such provisions are recognized in the period based on the experience to date under the agreement.

Spinnaker purchases a corporate catastrophe XOL program that attaches above the individual programmatic reinsurance programs protecting the property business written by Hippo as well as the other MGAs. This treaty has a floating retention and attaches at the exhaustion point of the underlying programs' specific reinsurance. The catastrophe bonds bond, and the FHCFs, described above, inures to the benefit of this contract. This program provides us protection from catastrophes that could impact a large number of correlated insurance policies underwritten by us or and our other MGAs. We buy this XOL so that the probability of losses from a single occurrence across the property portfolio exceeding the protection purchased is no more than 0.4%, or equivalent to a 1 in 250 year return year-return period. This reinsurance protects us from all but the most severe catastrophic events.

We also purchase reinsurance from the State Board of Administration in Florida via the Florida Hurricane Catastrophe Fund (the "FHCF") and the Reinsurance to Assist Policyholders (the "RAP") program FHCF annually for admitted residential hurricane losses in the State of Florida. This coverage is provided and required by the State of Florida. Florida and protects business written by Hippo as well as other MGAs that produce admitted residential policies. We currently purchase reimbursement protection at the maximum level (90%) of mandatory coverage offered by the FHCF.

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:

Our Ability to Attract New Customers

Our long-term growth will depend, in large part, on our continued ability to attract new customers to our platform. For Hippo home insurance policies, we seek to minimize the volatility of our portfolio and are currently in the process of analyzing overall underwriting results for the segment, taking actions as needed. Our short-term focus is on attracting new customers to our licensed insurance agency to purchase non-Hippo policies and to our home care offerings, although over time we expect to strategically return to Hippo underwritten policies as our underwriting actions take hold. We intend to continue to drive new customer growth by highlighting our consumer-focused approach to home protection and insurance across multiple distribution channels, regardless of whether the customer is a Hippo policyholder. In particular, we seek to grow by:

- Promoting our agency for sales of non-Hippo policies, growing our network of partners within existing partner channels, and geographically optimizing our Hippo policyholder base;
- Developing new strategic partnerships with key players involved in the real estate transaction ecosystem; and
- Deepening our relationships with our customers by connecting them to partners offering value-added services that are not specifically insurance products, such as home maintenance, home monitoring, and energy consumption optimization.

Our ability to attract new customers depends on the pricing of our products, the offerings of our competitors, our geographic reach, and the extent and effectiveness of our marketing efforts. Our ability to attract customers also depends on maintaining and strengthening our brand by providing superior customer experiences across all of our offerings through our proactive, tech-enabled strategy.

We face competition from traditional insurers who have more diverse product offerings and longer established operating histories, as well as from new, technology-driven entrants who may pursue more horizontal growth strategies. These competitors may mimic certain aspects of our digital platform and offerings and have more types of insurance products, allowing them to offer customers the ability to "bundle" multiple coverage types together, which may be attractive to many customers.

Although the COVID-19 pandemic and the various responses to it created significant worldwide volatility, uncertainty and economic disruption over the past few years, recently there has been a return to more normal societal interactions, including in the way we operate our business. We cannot predict the future impacts of the COVID-19 pandemic or any new public health events. See Part II, Item 1A. "Risk Factors" for more information.

Our Ability to Retain Customers

Our ability to derive significant lifetime value from our customer relationships depends, in part, on our ability to retain our customers over time. Strong retention allows us to build a recurring revenue base, generating additional premium term over term without material incremental marketing costs. Our customers typically become more valuable to us over time because retention rates have historically increased with the age of customer cohorts and because non-catastrophic loss frequency declines as cohorts mature.

As we expect to broadly retain our customers who are not located in high severe weather exposed regions, over the long-term, we expect our book of business to evolve to be weighted more towards renewals versus new business, as is the case with our more mature competitors. We expect that this would enable us to benefit from the higher premium retention rates and inherently lower frequency of losses that characterize renewed premiums.

Our ability to retain customers will depend on a number of factors, including our customers' satisfaction with our products, the offerings of our competitors, and our ability to continue delivering exceptional customer service and support.

Our Ability to Manage Regulatory Impact, Including on Our Efforts to Manage Our Exposure to Volatility

We are subject to extensive laws, regulations, administrative directives, and regulatory actions. From time to time, regulatory authorities or legislative bodies seek to influence and restrict premium rates, require premium refunds to policyholders, require reinstatement of terminated policies, restrict the ability of insurers to cancel or non-renew policies, require insurers to continue to write new policies or limit their ability to write new policies, limit insurers' ability to change coverage terms and deductibles or to impose underwriting standards, impose additional regulations regarding agency and broker compensation, impose fines and penalties for unintended errors or mistakes, impose additional regulations regarding cybersecurity and privacy, and otherwise expand overall regulation of insurance products and the insurance industry. These laws may limit or restrict our ability to reduce our exposures, including to weather related losses.

Our Ability to Expand Fee Income and Premium Through Cross-Sales to Existing Customers

Our strategy One of our strategies to increase the value we are providing to our customers is to offer incremental services to assist our customers in better maintaining and protecting their homes. As we roll out these services, we expect to be able to generate incremental, non-risk-based service and fee income from our existing customers. We expect these home protection services not only to generate incremental revenue, but also to reduce losses for our customers, and—by implication—our loss ratios. Our success in expanding revenue and reducing losses by offering these services depends on our ability to market these services, our operational ability to deliver value to our customers, and the ability of these services to reduce the probability of loss for an average homeowner.

We are also in the early stages of cross-selling non-homeowner insurance products across our customer base. Cross-sales allow us to generate additional premium per customer, and ultimately higher revenue and fee income, without material incremental marketing spend. Our success in expanding revenue through cross-sales depends on our marketing efforts with new products, offerings of our competitors, additional expansion into new states, and the pricing of our bundled products.

Our Ability to Manage Risk

We leverage data, technology, and geographic diversity to help manage risk. For instance, we obtain dynamic data from various sources and use advanced statistical methods to model that data into our pricing algorithm. Incorporating these external data sources and utilizing the experience gained with our own customer base should lead to better underwriting, reduced loss frequency, and—adjusting for weather related events—lower loss ratios over time. While our current reinsurance framework helps us manage the volatility of earnings, reducing our overall gross loss ratio is critical to our success. Our ability to incorporate new data sources as they become available and to use them to improve our ability to accurately and competitively price risk is central to our growth strategy.

Seasonality of Claims Losses

Seasonal patterns can impact our incurrence of claims losses, as 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, and as we diversify our base of premium such that our exposure more closely resembles the industry exposure, we should see the impact of these events on our business more closely resemble the impact on the broader industry.

Components of Results of Operations

Revenue

Gross Written Premium

Gross written premium is the amount received or to be received for insurance policies written or assumed by us and our affiliates as a carrier or captive reinsurer, without reduction for policy acquisition costs, reinsurance costs, or other deductions. In addition, gross written premium includes amounts received from our participation in our own reinsurance treaties. 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;
- Bound policies going effective;
- 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 written or assumed by us and our affiliates as a carrier that we cede to reinsurers. We enter into reinsurance contracts to limit our exposure to losses, as well as to provide additional capacity for growth. Ceded written premium is treated as a reduction from gross written premium written during a specific period of time 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 decisions we make to increase or decrease retention levels.

Net Earned Premium

Net earned premium represents the earned portion of our gross written premium for insurance policies written or assumed by us and less the earned portion of ceded written premium (any portion of our gross written premium that is ceded to third-party reinsurers under our reinsurance agreements). We earn written premiums on a pro-rata basis over the term of the policies.

Commission Income, Net Includes:

- a. *MGA Commission:* We operate as an MGA for multiple insurers. We design and underwrite insurance products on behalf of the insurers culminating in the sale of insurance policies. We earn recurring commission and policy fees associated with the policies we sell. We have underwriting authority and responsibility for administering claims (see Claim Processing Fees below) and we work with affiliated and unaffiliated carrier platforms and a diversified panel of highly rated reinsurance companies who pay us a commission in exchange for the opportunity to take that risk on their balance sheets. Our performance obligation associated with these contracts is the placement of the policy, which is met on the effective date. Upon issuance of a new policy, we charge policy fees and inspection fees (see Service and Fee Income below), retain our share of commission, and remit the balance

to the respective insurers. Subsequent

commission adjustments arising from policy changes such as endorsements are recognized in the period when the adjustments occur. Cash received in advance of policy effective dates is recorded on the condensed consolidated balance sheets, representing our portion of commission and premium due to insurers and reinsurers, and held in trust for the benefit of the insurers and reinsurers as fiduciary liabilities.

The MGA commission is subject to adjustments, higher or lower (commonly referred to as "commission slide"), depending on the underwriting performance of the policies placed by us. We are required to return a portion of our MGA commission due to commission slide on the policies placed as an MGA if the underwriting performance varies due to higher Hippo programs' loss ratio from provisional performance of the Hippo programs' loss ratio. We also return a portion of our MGA commission if the policies are cancelled before the term of the policy. Accordingly, we reserve for commission slide using estimated Hippo programs' loss ratio performance, or a cancellation reserve as a reduction of revenue for each period presented in our statement of operations and comprehensive loss.

- b. *Agency Commission:* We also operate licensed insurance agencies that are engaged solely in the sale of policies, including non-Hippo policies. For these policies, we earn a recurring agency commission from the carriers whose policies we sell, which is recorded in the commission income, net line on our statements of operations and comprehensive loss. Similar to the MGA businesses, the performance obligation from the agency contracts is placement of the insurance policies.

For both MGA and insurance agency activities, we recognize commission received from insurers for the sale of insurance contracts as revenue at a point in time on the policy effective dates. Cash received in advance of policy effective dates is recorded on the consolidated balance sheets, representing our portion of commission and premium due to insurers and reinsurers, and we hold this cash in trust for the benefit of the insurers and reinsurers as fiduciary liabilities.

- c. *Ceding Commission:* We receive commission based on the premium we cede to third-party reinsurers for the reimbursement for our acquisition and underwriting services. Excess ceding commission over the cost of acquisition is included in the commission income, net line on our statements of operations and comprehensive loss. For the policies that we write on our own carrier as MGA, we recognize this commission as ceding commission on the statement of operations and comprehensive loss. We earn commission on reinsurance premium ceded in a manner consistent with the recognition of the earned premium on the underlying insurance policies, on a pro rata pro-rata basis over the terms of the policies reinsured. We record the portion of ceding commission income, which represents reimbursement of successful direct acquisition costs related to the underlying policies, as an offset to the applicable direct acquisition costs.

- d. *Carrier Fronting Fees:* Through our insurance-as-a-service Insurance-as-a-Service business, we earn fronting fees from the MGA programs we support. We earn fronting fees 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. This revenue is included in the commission income, net line on our statements of operations and comprehensive loss.

- e. *Claim Processing Fees:* As an MGA, we receive a fee that is calculated as a percent of the premium from the insurers in exchange for providing claims adjudication services. The claims adjudication services are provided over the term of the policy and recognized ratably over the same period. This revenue is included in the commission income, net line on our statements of operations and comprehensive loss.

Service and Fee Income

Service and fee income mainly represents policy fees and other revenue. We directly bill policyholders for policy fees and collect and retain fees per the terms of the contracts between us and our insurers. Similar to the commission revenue, we estimate a cancellation reserve for policy fees using historical information. The performance obligation associated with these fees is satisfied at a point in time upon completion of the underwriting process, which is the policy effective date. Accordingly, we recognize all fees as revenue on the policy effective date.

Net Investment Income

Net investment income represents interest earned from fixed maturity securities, short-term investments and other investments, and the gains or losses from the sale of investments. Our cash and invested assets primarily consist of investment grade 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.

Net investment income also includes an insignificant amount of net realized gains (losses) on investments, which are a function of the difference between the amount received by us on the sale of a security and the security's amortized cost, as well as any allowances for credit losses recognized in earnings, if any.

Expenses

Loss and Loss Adjustment Expenses

Loss and loss adjustment expenses 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. The expenses are a function of the size and term of the insurance policies and the loss experience and loss participation features associated with the underlying risks. Loss and LAE are based on actuarial assumptions and management judgements, including losses incurred during the period and changes in estimates from prior periods. Loss and LAE also include employee compensation (including stock-based compensation and benefits) of our claims processing teams, as well as allocated occupancy costs and related overhead based on headcount.

Insurance Related Insurance-Related Expenses

Insurance related expenses primarily consist of amortization of direct acquisition commission costs 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. Insurance related expenses also include employee compensation (including stock-based compensation and benefits) of our underwriting teams, amortization of capitalized internal use software, as well as allocated occupancy costs and related overhead based on headcount. Insurance related expenses are offset by a portion of ceding commission income, which represents reimbursement of successful acquisition costs related to the underlying policies. Additionally, insurance related expenses include the costs of providing bound policies and delivering claims services to our customers. These costs include underwriting technology service costs including software, data services used for performing underwriting, and third-party call center costs in addition to personnel-related costs.

Technology and Development

Technology and development expenses primarily consist of employee compensation (including stock-based compensation and benefits) for our technology staff, which includes technology development, infrastructure support, actuarial, and third-party services. Technology and development also include allocated facility costs and related overhead based on headcount.

We expense development costs as incurred, except for costs related to internal-use internal use software development projects, which are capitalized and subsequently depreciated over the expected useful life of the developed software. We expect our technology and development costs to decrease in the near-term as we seek to reduce internal expenses and focus on achieving profitability. Over the long term, our technology and development costs may increase as we invest in research and development activities to achieve our technology development roadmap.

Sales and Marketing

Sales and marketing expenses primarily consist of sales commission, advertising costs, and marketing expenditures, as well as employee compensation (including stock-based compensation and benefits) for employees engaged in sales, marketing, data analytics, and customer acquisition. Sales and marketing expenses also include allocated facility costs and related overhead based on headcount.

We plan to continue to invest in sales and marketing to attract and acquire new customers and to increase our brand awareness. However, we expect that our sales and marketing expenses will decrease in the near term as we seek to reduce internal expenses. Over the long term, sales and marketing costs may increase in absolute dollars and vary from period to period as a percentage of revenue, and over time may 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.

General and Administrative

General and administrative expenses primarily consist of employee compensation (including stock-based compensation and benefits) for our finance, human resources, legal, and general management functions, as well as facilities, insurance, and professional services. We expect our general and administrative expenses to remain relatively flat in the near term. However, these expenses may increase over the long term as we scale headcount with the growth of our business.

Impairment and Restructuring Charges

Impairment and restructuring charges consist of non-cash impairment charges relating to goodwill. We review goodwill for impairment annually on October 1 and more frequently if events or changes in circumstances indicate that an impairment may exist. If the carrying value of the reporting unit exceeds its fair value, the fair value of the reporting unit's goodwill is calculated and an impairment loss equal to the excess is recorded. It also consists of severance and other personnel costs associated with exit and disposal activities as well as reductions in workforce.

Interest and Other (Income) Expense

Interest and other Other (income) expense primarily consists of certain fair value adjustments on outstanding warrants, and other non-operating income expenses.

Income Taxes

We record income taxes using the asset and liability method. Under this method, we record deferred income tax assets and liabilities based on the estimated future tax effects of differences between the financial statement and income tax basis of existing assets and liabilities. We measure these differences using the enacted statutory tax rates that are expected to apply to taxable income for the years in which differences are expected to reverse. We recognize the effect on deferred income taxes of a change in tax rates in income in the period that includes the enactment date.

We record a valuation allowance to reduce deferred tax assets and liabilities to the net amount that we believe is more likely than not to be realized. We consider all available evidence, both positive and negative, including historical levels of income, expectations, and risks associated with estimates of future taxable income and ongoing tax planning strategies in assessing the need for a valuation allowance.

Key Operating and Financial Metrics and Non-GAAP Measures

We regularly review the following key operating and financial metrics in order to evaluate our business, measure our performance, identify trends in our business, prepare financial projections, and make strategic decisions.

The non-GAAP financial measures below have not been calculated in accordance with GAAP, and should be considered in addition to results prepared in accordance with GAAP, and should not be considered as a substitute for, or superior to, GAAP results. In addition, adjusted EBITDA should not be construed as an indicator of our operating

performance, liquidity, or cash flows generated by operating, investing, and financing activities, as there may be significant factors or trends that it fails 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 non-GAAP financial measures, in conjunction with 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) review and assess the operating performance of our management team; (iv) analyze and evaluate financial and strategic planning decisions regarding future operating investments; and (v) plan for and prepare future annual operating budgets and determine appropriate levels of operating investments.

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
(\$ in millions)					
Three Months Ended March 31,					
Three Months Ended March 31,					
Three Months Ended March 31,					
2024					
2024					
2024					
(\$ in millions)					
(\$ in millions)					
(\$ in millions)					
Total Generated Premium	Total Generated Premium	\$ 303.7	\$ 219.9	\$ 866.3	\$ 577.6
Total Revenue	Total Revenue	57.7	30.7	145.2	83.9
Total Revenue					
Total Revenue					
Net Loss attributable to Hippo					
Net Loss attributable to Hippo					
Net Loss attributable to Hippo	Net Loss attributable to Hippo	(53.1)	(129.2)	(230.8)	(270.3)
Adjusted EBITDA	Adjusted EBITDA	(38.4)	(54.8)	(178.3)	(159.1)
Adjusted EBITDA					
Adjusted EBITDA	Adjusted EBITDA				
Gross Loss Ratio	Gross Loss Ratio	59 %	110 %	81 %	89 %
Gross Loss Ratio					
Gross Loss Ratio					
Net Loss Ratio					
Net Loss Ratio					
Net Loss Ratio	Net Loss Ratio	111 %	223 %	219 %	245 %

Total Generated Premium

We define Total Generated Premium as the aggregate written premium placed across all of our business platforms for the period presented. We measure Total Generated Premium as it reflects the volume of our business irrespective of choices related to how we structure our reinsurance treaties, the amount of risk we retain on our own balance sheet, or the amount of business written in our capacity as an MGA, agency, or as an insurance carrier/reinsurer. We calculate Total Generated Premium as the sum of:

- i) Gross written premium ("GWP")—a GAAP measure defined above; and
- ii) Gross placed premium—premium of policies placed with third-party insurance companies, for which we do not retain insurance risk and for which we earn a commission payment, and policy fees charged by us to the policyholders on the effective date of the policy.

Three Months Ended March 31,

Three Months Ended March 31,

Three Months Ended March 31,

2024

2024

2024

	Three Months Ended September 30,			Nine Months Ended September 30,		
	(\$ in millions)					
	2023	2022	Change	2023	2022	Change
	(\$ in millions)					
	(\$ in millions)					
Gross Written Premium						
Gross Written Premium						
Gross Written Premium	Gross Written Premium	\$ 229.5	\$ 173.3	\$ 56.2	\$ 663.6	\$ 452.2
Gross Placed Premium	Gross Placed Premium	74.2	46.6	27.6	202.7	125.4
Gross Placed Premium						
Gross Placed Premium						
Total Generated Premium	Total Generated Premium	\$ 303.7	\$ 219.9	\$ 83.8	\$ 866.3	\$ 577.6
Total Generated Premium						
Total Generated Premium						

Our Total Generated Premium for the three months ended **September 30, 2023** **March 31, 2024** grew **38%** **20%** year-over-year to **\$303.7 million** **\$293.5 million** from **\$219.9 million** **\$244.9 million** for the three months ended **September 30, 2022** **March 31, 2023**. The growth was driven primarily by the growth of non-Hippo written premium supported by our Insurance-as-a-Service business, the growth in the total book of business in our aggregator channel, as well as the continued growth across channels in existing states, expansion of our independent agent network, maintaining solid builder channel for new and renewal business, as we maintain higher retention rates and experienced premium retention levels, rate increases. This was partially offset by a decrease in our Hippo Home Insurance Program ("HHIP") as we have taken actions to reduce our exposure to wind and hail while achieving planned premium rate increases.

Our Total Generated Premium for the nine months ended September 30, 2023 grew 50% year-over-year to \$866.3 million from \$577.6 million for the nine months ended September 30, 2022. The growth was driven primarily by the growth of non-Hippo written premium supported by our Insurance-as-a-Service business as well as the continued growth across channels in existing states, expansion of our independent agent network, maintaining solid premium retention levels, and achieving planned premium rate increases.

Adjusted EBITDA

We define adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization ("adjusted EBITDA"), a Non-GAAP financial measure, as net loss attributable to Hippo excluding interest expense, income tax expense, depreciation, amortization, stock-based compensation, net investment income, restructuring charges, impairment expense, other non-cash fair market value adjustments **including** contingent consideration for one of our acquisitions, and other transactions, **which may include certain legal fees and settlement costs**, that we consider to be unique in nature.

For the three months ended **September 30, 2023** **March 31, 2024**, adjusted EBITDA loss was **\$38.4 million** **\$19.8 million**, a decrease of **\$16.4 million** **\$32.3 million** compared to **\$54.8 million** a **\$52.1 million** EBITDA loss for the three months ended **September 30, 2022** **March 31, 2023**. The decrease was due primarily due to a growth in revenue reflecting an increase in premiums earned mainly due to higher premium retention as a result of the 2023 and 2024 reinsurance treaty compared to **2022**, prior periods, a lower net HHIP gross loss ratio, and a decrease in advertising costs, other operating expenses. These improvements in EBITDA were partially offset by an increase in losses due to the higher premium retention as noted above and overall growth of our total book of business. For

the three months ended September 30, 2023 March 31, 2024, our net loss ratio was 111% 87% compared to 223% 273% for the three months ended September 30, 2022 March 31, 2023.

For the nine months ended September 30, 2023, adjusted EBITDA loss was \$178.3 million, an increase of \$19.2 million compared to \$159.1 million for the nine months ended September 30, 2022, due primarily to an increase in losses due primarily to PCS catastrophic weather and other weather loss experience. These amounts were partially offset by a decrease in advertising costs and an increase in revenues.

The following table provides a reconciliation from net loss attributable to Hippo to adjusted EBITDA for the periods presented (in millions):

	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	2024	
	2024	
	2024	
	Three Months Ended September 30,	Nine Months Ended September 30,
Net loss attributable to Hippo		

		2023	2022	2023	2022				
Net loss attributable to Hippo	Net loss attributable to Hippo	\$ (53.1)	\$ (129.2)	\$ (230.8)	\$ (270.3)				
Adjustments:	Adjustments:								
Adjustments:									
Net investment income									
Net investment income	Net investment income	(5.7)	(2.5)	(16.5)	(4.0)				
Depreciation and amortization	Depreciation and amortization	4.9	3.8	14.4	11.2				
Depreciation and amortization									
Depreciation and amortization									
Stock-based compensation									
Stock-based compensation	Stock-based compensation	14.0	17.0	46.8	46.3				
Fair value adjustments	Fair value adjustments	(0.2)	(0.2)	(0.2)	(2.8)				
Contingent consideration charge		0.8	0.2	4.5	2.6				
Fair value adjustments									
Fair value adjustments									
Other one-off transactions									
Other one-off transactions									
Other one-off transactions	Other one-off transactions	1.2	0.5	3.3	1.8				
Income tax expense	Income tax expense	(0.3)	0.3	0.2	0.8				
Restructuring charges		—	1.8	—	1.8				
Goodwill impairment charge		—	53.5	—	53.5				
Income tax expense									
Income tax expense									
Impairment and restructuring charges									
Impairment and restructuring charges									
Impairment and restructuring charges									
Adjusted EBITDA	Adjusted EBITDA	\$ (38.4)	\$ (54.8)	\$ (178.3)	\$ (159.1)				
Adjusted EBITDA									
Adjusted EBITDA									
Gross Loss Ratio									
Gross Loss Ratio, expressed as a percentage, is the ratio of the Gross Losses and LAE to the Gross Earned Premium (in millions).									
Three Months Ended September 30,									
2023		2022		2023					
Three Months Ended March 31,									
2024		2024		2024					
Gross Losses and LAE									
Gross Losses and LAE									

Gross Losses and LAE	Gross Losses and LAE	\$ 124.5	\$ 153.7	\$ 450.9	\$ 345.9
Gross Earned Premium	Gross Earned Premium	210.7	139.8	563.0	388.7
Gross Earned Premium	Gross Earned Premium				
Gross Loss Ratio	Gross Loss Ratio	59 %	110 %	81 %	89 %
Gross Loss Ratio	Gross Loss Ratio				

The following table provides a reconciliation of Gross Loss Ratio by PCS named event Property Claims Services ("PCS") and non-PCS events.

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2023	2022	2023	2022	
Three Months Ended March 31,					
Three Months Ended March 31,					
Three Months Ended March 31,					
2024					
2024					
2024					
PCS losses					
PCS losses					
PCS losses	PCS losses	6 %	45 %	28 %	29 %
Non-PCS losses	Non-PCS losses	53 %	65 %	53 %	60 %
Non-PCS losses					
Non-PCS losses					
Gross loss ratio	Gross loss ratio	59 %	110 %	81 %	89 %
Gross loss ratio	Gross loss ratio				

For the three months ended **September 30, 2023** **March 31, 2024**, our Gross Loss Ratio was 59% compared with **110% 76%** for the three months ended **September 30, 2022** **March 31, 2023**. The **three months ended September 30, 2023** includes 11 percentage points of favorable PCS developments in decrease reflected the current quarter relating to events incurred in the first six months **benefits** of the year due pricing and underwriting actions we have taken. We expect continued improvement as these actions have more time to reduced uncertainty in loss and loss adjustment expense. **impact our financial results**. There was no material PCS or Non-PCS prior year developments in the current quarter. The three months ended September 30, 2022 includes 52 percentage points related to Hurricane Ian, which was partially offset by prior year favorable developments of 8 percentage points for Non-PCS events and 10 percentage points for PCS events. The prior year quarter also includes 6 percentage points of favorable PCS developments in the prior years' quarter relating to events incurred in the first six months of the prior year.

For the nine months ended September 30, 2023, our Gross Loss Ratio was 81% net of a prior year favorable development of 2 percentage points relating to Non-PCS events and 1 percentage point of net favorable development relating to PCS events, compared with 89% net of a prior year favorable development of 10 percentage points for Non-PCS events and 9 percentage points relating to PCS events for the nine months ended September 30, 2022 events.

Net Loss Ratio

Net loss ratio expressed as a percentage, is the ratio of the net losses and LAE to the net earned premium (in millions).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Three Months Ended March 31,				
Three Months Ended March 31,				
Three Months Ended March 31,				
2024				
2024				
2024				
Net Losses and LAE				
Net Losses and LAE				

Net Losses and LAE	Net Losses and LAE	\$ 36.5	\$ 23.9	\$ 150.9	\$ 75.6
Net Earned Premium	Net Earned Premium	32.9	10.7	69.0	30.9
Net Earned Premium	Net Earned Premium				
Net Loss Ratio	Net Loss Ratio	111 %	223 %	219 %	245 %
Net Loss Ratio	Net Loss Ratio				

For the three months ended September 30, 2023 March 31, 2024, our net loss ratio was 111% 87% compared with 223% 273% for the three months ended September 30, 2022 March 31, 2023. The three months ended September 30, 2023 includes 36 percentage points of favorable PCS developments in the current quarter relating to events incurred in the first six months of the year due to reduced uncertainty in loss and loss adjustment expense. There was no PCS or Non-PCS prior year developments in the current quarter. The three months ended September 30, 2022 includes 44 percentage points related to Hurricane Ian, which was partially offset by prior year favorable developments of 16 percentage points for Non-PCS events and 15 percentage points for PCS events. The prior year quarter also includes 24 percentage points of favorable PCS developments in the prior years' quarter relating to events incurred in the first six months of the prior year. The decrease from the prior year quarter was also due primarily to the positive impact of our underwriting and pricing actions on our Non-PCS losses, the increase in our net earned premium as a result of higher premium retention on our 2023 and 2024 reinsurance treaty, and the growth of our total book of business.

For the nine months ended September 30, 2023, our net loss ratio was 219% compared with 245% for the nine months ended September 30, 2022. The decrease was due primarily to the positive impact of our underwriting and pricing actions on our Non-PCS losses, the increase in net earned premium as a result of higher premium retention on our 2023 reinsurance treaty, and the growth of our total book of business. This was partially offset by an increase in PCS catastrophic weather losses and other weather loss experience and our loss participation features, and the growth of our book of business. There was no material PCS or non-PCS prior year developments in our reinsurance treaties. The current quarter. The prior year quarter includes 3 percentage points of net adverse developments for non-PCS events and 1 percentage point net favorable developments for PCS events.

Segment Information

Three Months Ended September 30, 2023							Three Months Ended March 31, 2024						
		(\$ in millions)							(\$ in millions)				
		Hippo Insurance- as-a- Services					Home		Insurance-as-a- Service				
Total Generated Premium	Total Revenue	Services	Service	Insurance Program	Intersegment Eliminations ⁽¹⁾	Total							
Total Generated Premium	Total Revenue	\$ 121.6	\$ 141.8	\$ 95.0	\$ (54.7)	\$ 303.7							
Total Revenue	Adjusted operating income (loss)	11.6	19.4	28.9	(2.2)	57.7							
		(9.7)	3.6	(31.7)	(0.6)	(38.4)							
Three Months Ended September 30, 2022													
(\$ in millions)													
		Services			Insurance-as-a-Service			Hippo Home Insurance Program			Intersegment Eliminations ⁽¹⁾		Total
Total Generated Premium	Total Revenue	\$	92.4	\$	82.6	\$	94.1	\$	(49.2)	\$			219.9
Total Revenue	Adjusted operating income (loss)		9.5		10.0		16.3		(5.1)				30.7
Adjusted operating income (loss)		(16.0)		2.0		(40.8)		—					(54.8)
Nine Months Ended September 30, 2023													
(\$ in millions)													

	Services	Insurance-as-a-Service	Hippo Home Insurance Program	Intersegment Eliminations ⁽¹⁾	Total
Total Generated Premium	\$ 337.6	\$ 397.5	\$ 289.4	\$ (158.2)	\$ 866.3
Total Revenue	32.8	48.6	71.0	(7.2)	145.2
Adjusted operating income (loss)	(30.3)	11.5	(157.9)	(1.6)	(178.3)

Nine Months Ended September 30, 2022					
(\$ in millions)					
Hippo					
Insurance- Home					
as-a- Services		Insurance Service	Intersegment Program	Eliminations ⁽¹⁾	Total
Three Months Ended March 31, 2023					
(\$ in millions)					
Services					
Total Generated Premium	Total Generated Premium	\$ 255.9	\$ 194.9	\$ 266.2	\$ (139.4) \$ 577.6
Total Revenue	Total Revenue	25.8	25.0	45.6	(12.5) 83.9
Adjusted operating income (loss)	Adjusted operating income (loss)	(35.6)	3.8	(127.3)	— (159.1)

⁽¹⁾Intersegment eliminations include commissions paid from Hippo Home Insurance Program for policies sold by the Company's Services segment (revenue, cost, and other adjustments in respective business units eliminated as part of consolidation). Intersegment eliminations also include premiums written between the segments.

Segment adjusted operating income (loss) is our primary segment profitability measure, and is calculated as segment revenue less operating expenses that are directly attributable to the segments. Refer to Note [17](#)[16](#) of the accompanying [condensed](#) consolidated financial statements for additional information on segments and a reconciliation of Segment adjusted operating income (loss) to net loss attributable to Hippo.

Services

For the three months ended [September 30, 2023](#)[March 31, 2024](#), our Services segment, which earns fees and/or commission income without assuming underwriting risk or need for reinsurance, had Total Generated Premium of [\\$121.6 million](#)[\\$133.7 million](#), an increase of [32%](#)[37%](#) from [\\$92.4 million](#)[\\$97.9 million](#) over the prior year quarter, while revenue was [\\$11.6 million](#)[\\$11.4 million](#), an increase of [22%](#)[16%](#) from [\\$9.5 million](#)[\\$9.8 million](#) over the prior year quarter. The growth was driven primarily by [due to the growth in the total book of business in our aggregator channel, as well as in our builder channel for new and renewal business, as we maintain higher retention rates and experienced premium rate increases. The growth was also due to the growth in the total book of business in our aggregator channel.](#) Our adjusted operating loss was [\\$9.7 million](#)[\\$5.3 million](#), a decrease of [39%](#)[51%](#) compared to a loss of [\\$16.0 million](#)[\\$10.8 million](#) in the prior year quarter, due primarily to a decrease in advertising costs and the increase in revenue noted above. These amounts were partially offset by increases in other operating expenses.

For the nine months ended September 30, 2023, our Services segment had Total Generated Premium of \$337.6 million, an increase of 32% from \$255.9 million over the prior year period, while revenue was \$32.8 million, an increase of 27% from \$25.8 million over the prior year period. The growth was driven primarily by the growth in our builder channel for new [above and renewal business, as we maintain higher retention rates and experienced premium rate increases. The growth was also due to the growth in the total book of business in our aggregator channel.](#) Our adjusted operating loss was \$30.3 million, a decrease of 15% compared to a loss of \$35.6 million in the prior year period due primarily to the increase in revenue as noted above. [advertising costs.](#)

Insurance-as-a-Service

Our Insurance-as-a-Service segment, which through our carrier, Spinnaker, leverages our capital and insurance licenses to provide capacity to third party MGAs, creating diversified income through fees, underwriting profits, and investment income. For the three months ended [September 30, 2023](#)[March 31, 2024](#), Total Generated Premium was [\\$141.8 million](#)[\\$130.0 million](#), an increase of [72%](#)[25%](#) from [\\$82.6 million](#)[\\$104.0 million](#) over the prior year quarter, while revenue was [\\$19.4 million](#)[\\$20.4 million](#), an increase of [94%](#)[58%](#) from [\\$10.0 million](#)[\\$12.9 million](#) over the prior year quarter. The growth was driven primarily by the [increase in performance of existing programs. Adjusted operating income was \\$3.6 million](#)[\\$4.7 million](#), an increase of [80%](#)[47%](#) compared to income of [\\$2.0 million](#)[\\$3.2 million](#) in the prior year quarter, due primarily to the increase in revenue mentioned above, partially offset by an increase in insurance related expenses due to the growth of the book of business.

For the nine months ended September 30, 2023, our Insurance-as-a-Service segment's Total Generated Premium was \$397.5 million, an increase of 104% from \$194.9 million over the prior year period, while revenue was \$48.6 million, an increase of 94% from \$25.0 million over the prior year period. The growth was driven primarily by the [performance of both new and existing programs. Adjusted operating income was \\$11.5 million](#), an increase of 203% compared to \$3.8 million in the prior year period, due primarily to the increase in revenue mentioned above, partially offset by an increase in insurance related loss and loss adjustment expenses due to the growth of the book of business.

Hippo Home Insurance Program

For the three months ended **September 30, 2023** **March 31, 2024**, our Hippo Homeowners Insurance Program had Total Generated Premium of **\$95.0 million** **\$65.5 million**, an increase a decrease of **1% 29%** from **\$94.1 million** **\$92.2 million** over the prior year quarter, while revenue was **\$28.9 million** **\$55.1 million**, an increase of **77% 185%** from **\$16.3 million** **\$19.3 million** over the prior year quarter. The increase in revenue was due primarily to higher **net earned premiums**, **premium**, partially offset by a decrease in commission income, net, reflecting changes in our 2023 and 2024 reinsurance treaties, resulting in higher premium retention, and achieving planned premium rate increases. The increase in revenue from net earned premiums was partially offset by an increased **cost of XOL premiums** for our catastrophic coverage which results in an increase in ceded earned premium and lower net earned premium. We purchased XOL to cover events in excess of per occurrence limits based on the expected growth in exposure during the year. For the three months ended **September 30, 2023** **March 31, 2024** and **2022**, **\$7.4 million** **2023**, **\$7.1 million** and **\$9.7 million**, **\$7.4 million**, respectively, was offset against earned premium for XOL. Adjusted operating loss was **\$31.7 million** **\$20.2 million** in the quarter, a decrease of **22% 54%** compared to a loss of **\$40.8 million** **\$44.3 million** in the prior year quarter. The decrease in adjusted operating loss was due primarily to the increase in revenue noted above, a decrease in PCS catastrophic weather and other weather loss experience and our loss participation features, which was partially offset by an increase in losses due to the higher premium retention as noted above.

Based in part on the second quarter of FY 2023 impact of PCS cat losses of \$109.9 million on a gross basis and \$50.9 million on a net basis, we began taking **decisive** actions to reduce our future exposure to wind and hail, with the **explicit** goal of reducing the volatility of our financial results. Our aim is to materially reduce our exposure to the hail and storm risks which have caused a disproportionate portion of our losses to date. We have temporarily put on hold the underwriting of new premiums nationwide for our HO3 product as we re-examine our risk appetite in light of observed changes in weather and climate activity. For renewals, we are implementing actions that include increasing deductibles for wind and hail perils, selectively non-renewing policies in high-risk regions, and increasing the rates we charge for cat-exposed properties across our portfolio. We expect these actions will result in Total Generated Premium declines in 2024.

In addition, we have taken steps **during the quarter** to reduce our Hippo Home Insurance Program's dependence on the reinsurance market and the costs associated with not retaining the risk we underwrite on our own balance sheet, including the catastrophe bonds noted in our reinsurance disclosures above.

For the nine months ended **September 30, 2023**, our Hippo Homeowners Insurance Program had Total Generated Premium of **\$289.4 million**, an increase of **9%** from **\$266.2 million** over the prior year period, while revenue was **\$71.0 million**, an increase of **56%** from **\$45.6 million** over the prior year period. The increase in revenue was due primarily to higher earned premiums, partially offset by a decrease in commission income, net, reflecting changes in our 2023 reinsurance treaties, resulting in higher premium retention, and achieving planned premium rate increases. There was also an increase in investment income due to an increase in yields. The increase in revenue from net earned premiums was partially offset by an increased **cost of XOL premiums** for our catastrophic coverage, which results in an increase in ceded earned premium and lower net earned premium. We purchased XOL to cover events in excess of per occurrence limits based on the expected growth in exposure during the year. For the nine months ended **September 30, 2023** and **2022**, **\$23.3 million** and **\$21.3 million**, respectively, was offset against earned premium for XOL. Adjusted operating loss was **\$157.9 million**, an increase of **24%** compared to a loss of **\$127.3 million** in the prior year period. The increase in adjusted operating loss was due primarily to an increase in PCS catastrophic weather and other weather loss experience and our loss participation features primarily due to five major wind and hail events in Colorado and Texas during the second quarter of 2023, partially offset by an increase in earned premium as noted above.

Hippo Home Insurance Program Gross Loss Ratio

Hippo Home Insurance Program Gross Loss Ratio ("HPGLR") is a key performance indicator that represents our underwriting operational performance for the entire Total Generated Premium underwritten by Hippo as part of the Hippo Home Insurance Program. This ratio includes losses and premiums written and placed on Spinnaker (our carrier) as well as other carriers for Hippo policies (policies underwritten by the Hippo MGA). For

the periods presented, changes in this ratio also impact our ceding commission revenue and loss participation features in our reinsurance treaties, which is included in loss and loss adjustment expense on our **condensed** consolidated statements of operations and comprehensive loss. This ratio is also used by our reinsurers and other carriers to make business decisions relating to the capacity of reinsurance and amount of ceding commission that would be available to Hippo. The lower the ratio, the better the economics for Hippo.

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Hippo Home Insurance Program					
Three Months Ended March 31,					
Three Months Ended March 31,					
Three Months Ended March 31,					
2024					
2024					
2024					
Hippo Home Insurance Program					
Hippo Home Insurance Program					
Hippo Home Insurance Program					
Non-PCS	Non-PCS	69	%	73	%
PCS	PCS	6	%	7	%
PCS				55	%
PCS				22	%

HPGLR	HPGLR	75	%	80	%	118	%	91	%
HPGLR									
HPGLR									

For the three and nine months ended September 30, 2023 March 31, 2024 HPGLR was 75% and 118%, respectively, compared to 80% and 91% in the prior year. Excluding the impact of prior year reserve releases, HPGLR was 75% and 121%, respectively, compared to 101% and 116% in the prior year.

Excluding the impact of prior year reserve releases, the PCS component of HPGLR for the three and nine months ended September 30, 2023 was 6% and 56%, respectively, compared to 19% and 34% in the prior year. The decrease for the three-month period was primarily due to losses related to Hurricane Ian in the prior year period. The increase for the nine-months period reflected catastrophes in the first half of the year primarily due to hail and wind, unusually heavy rains, and snow in parts of California, our second largest market.

Excluding the impact of prior year reserve releases, the Non-PCS component of HPGLR for the three and nine months ended September 30, 2023 was 69% and 65%, respectively, compared to 82% and 82% in the prior year. This represents a decrease of 13 percentage points and 17 percentage points, respectively. The decrease reflected the benefits of the pricing and underwriting actions we took have taken, as well as a lower number of catastrophes in calendar years 2022 and 2023. We expect continued improvement as these actions have more time the first quarter of the current year compared to impact our financial results. the prior year.

Results of Operations

The following table sets forth our consolidated results of operations data for the periods presented (in millions, except percent data):

	Three Months Ended			
	March 31,			
	March 31,			
	March 31,			
	2024			
	2024			
	2024			
Revenue:				
Revenue:				
Revenue:				
Net earned premium				
Net earned premium				
Net earned premium				
Commission income, net				
Commission income, net				
Commission income, net				
Service and fee income				
Service and fee income				
Service and fee income				
Net investment income				
Net investment income				
Net investment income				
Total revenue				
Total revenue				
Total revenue				
Expenses:				
Expenses:				
Expenses:				
Losses and loss adjustment expenses				
Losses and loss adjustment expenses				
Losses and loss adjustment expenses				

Insurance related expenses												
Insurance related expenses												
Insurance related expenses												
Technology and development												
Technology and development												
Technology and development												
Sales and marketing												
Sales and marketing												
Sales and marketing												
General and administrative												
General and administrative												
General and administrative												
Impairment and restructuring charges												
Impairment and restructuring charges												
Impairment and restructuring charges												
Other income, net												
Other income, net												
Other income, net												
	Three Months Ended						Nine Months Ended					
Total expenses												
	September 30,						September 30,					
	2023	2022	Change	% Change	2023	2022	Change	% Change	2023	2022	% Change	
Revenue:												
Net earned premium	\$ 32.9	\$ 10.7	\$ 22.2	207 %	69.0	30.9	\$ 38.1	123 %				
Commission income, net	14.2	14.3	(0.1)	(1) %	47.8	38.7	9.1	24 %				
Service and fee income	4.9	3.2	1.7	53 %	11.9	10.3	1.6	16 %				
Net investment income	5.7	2.5	3.2	128 %	16.5	4.0	12.5	313 %				
Total revenue	57.7	30.7	27.0	88 %	145.2	83.9	61.3	73 %				
Expenses:												
Losses and loss adjustment expenses	36.5	23.9	12.6	53 %	150.9	75.6	75.3	100 %				
Insurance related expenses	20.3	15.6	4.7	30 %	54.8	46.2	8.6	19 %				
Technology and development	11.9	14.8	(2.9)	(20) %	36.6	46.0	(9.4)	(20) %				
Sales and marketing	18.9	29.4	(10.5)	(36) %	63.9	73.7	(9.8)	(13) %				
General and administrative	20.7	19.0	1.7	9 %	62.0	53.7	8.3	15 %				
Impairment and restructuring charges	—	55.3	(55.3)	N/A	—	55.3	(55.3)	N/A				
Interest and other (income) expense	—	(0.1)	0.1	(100) %	0.5	(1.4)	1.9	(136) %				
Total expenses												
Total expenses	Total expenses	108.3	157.9	(49.6)	(31) %	368.7	349.1	19.6	6 %			
Loss before income taxes	Loss before income taxes	(50.6)	(127.2)	76.6	(60) %	(223.5)	(265.2)	41.7	(16) %			
Loss before income taxes												
Loss before income taxes												
Income tax expense	Income tax expense	(0.3)	0.3	(0.6)	(200) %	0.2	0.8	(0.6)	(75) %			
Income tax expense												
Income tax expense												
Net loss												
Net loss												
Net loss	Net loss	(50.3)	(127.5)	77.2	(61) %	(223.7)	(266.0)	42.3	(16) %			
Net income attributable to noncontrolling interests, net of tax	Net income attributable to noncontrolling interests, net of tax	2.8	1.7	1.1	65 %	7.1	4.3	2.8	65 %			

Net income attributable to noncontrolling interests, net of tax									
Net income attributable to noncontrolling interests, net of tax									
Net loss attributable to Hippo									
Net loss attributable to Hippo									
Net loss attributable to Hippo	Hippo	\$ (53.1)	\$ (129.2)	\$ 76.1	(59) %	(230.8)	(270.3)	\$ 39.5	(15) %
Other comprehensive income (loss):	Other comprehensive income (loss):								
Other comprehensive income (loss):									
Other comprehensive income (loss):									
Change in net unrealized gain on available-for-sale securities, net of tax	Change in net unrealized gain on available-for-sale securities, net of tax								
Change in net unrealized gain on available-for-sale securities, net of tax									
Change in net unrealized gain on available-for-sale securities, net of tax									
Change in net unrealized gain on available-for-sale securities, net of tax	Change in net unrealized gain on available-for-sale securities, net of tax	(0.7)	(2.9)	2.2	(76) %	(0.1)	(7.1)	7.0	(99) %
Comprehensive loss attributable to Hippo	Comprehensive loss attributable to Hippo	\$ (53.8)	\$ (132.1)	\$ 78.3	(59) %	(230.9)	(277.4)	\$ 46.5	(17) %
Comprehensive loss attributable to Hippo									
Comprehensive loss attributable to Hippo									

Comparison of the Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023

Net Earned Premium

For the three months ended September 30, 2023 March 31, 2024, net earned premium was \$32.9 million \$60.5 million, an increase of \$22.2 million \$46.7 million compared to \$10.7 million \$13.8 million for the three months ended September 30, 2022 March 31, 2023. This increase was due primarily to increases in gross earned premium due to year-over-year growth of our total book of business and higher retention of earned premium due to our 2023 and 2024 reinsurance treaty, treaties, partially offset by an increased cost of XOL premiums for our catastrophic coverage which results in an increase in ceded earned premium and lower net earned premium. We purchased XOL to cover events in excess of per occurrence limits based on the expected growth in exposure during the year. For the three months ended September 30, 2023 March 31, 2024 and 2022, \$14.3 million 2023, \$13.5 million and \$1.8 million, respectively, was offset against earned premium for XOL.

For the nine months ended September 30, 2023, net earned premium was \$69.0 million, an increase of \$38.1 million compared to \$30.9 million for the nine months ended September 30, 2022. This increase was due primarily to increases in gross earned premium due to year-over-year growth of our total book of business and higher retention of earned premium due to our 2023 reinsurance treaty, partially offset by an increased cost of XOL premiums for our catastrophic coverage which results in an increase in ceded earned premium and lower net earned premium. We purchased XOL to cover events in excess of per occurrence limits based on the expected growth in exposure during the year. For the three months ended September 30, 2023 and 2022, \$39.9 million and \$16.3 million \$11.7 million, respectively, was offset against earned premium for XOL.

The following table presents gross written premium, ceded written premium, net written premium, change in unearned premium, and net earned premium for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (in millions).

Three Months Ended			Nine Months Ended		
September 30,		Change	September 30,		Change
2023	2022		2023	2022	
Three Months Ended					
March 31,					
March 31,					
March 31,					
2024					
2024					

Gross written premium											
Gross written premium											
Gross written premium	Gross written premium	\$ 229.5	\$ 173.3	\$ 56.2	\$ 663.6	\$ 452.2	\$ 211.4				
Ceded written premium	Ceded written premium	(178.0)	(167.3)	(10.7)	(559.8)	(430.9)	(128.9)				
Ceded written premium											
Ceded written premium											
Net written premium											
Net written premium											
Net written premium	Net written premium	51.5	6.0	45.5	103.8	21.3	82.5				
Change in unearned premium	Change in unearned premium	(18.6)	4.7	(23.3)	(34.8)	9.6	(44.4)				
Change in unearned premium											
Change in unearned premium											
Net earned premium	Net earned premium	\$ 32.9	\$ 10.7	\$ 22.2	\$ 69.0	\$ 30.9	\$ 38.1				
Net earned premium											

Commission Income, Net

For the three months ended **September 30, 2023** **March 31, 2024**, commission income was **\$14.2 million** **\$15.9 million**, a decrease of **\$0.1 million** **\$1.5 million**, or **1% 9%**, compared to **\$14.3 million** **\$17.4 million** for the three months ended **September 30, 2022** **March 31, 2023**. The decrease was due primarily to a decrease in ceding commissions including fronting fees, of **\$2.2 million**, **\$6.6 million** due to higher premium retention, which decreases ceding commissions and increases net earned premium. This decrease was partially offset by an increase in agency commissions of **\$1.6 million**.

For the nine months ended **September 30, 2023**, commission income was **\$47.8 million**, an increase of **\$9.1 million**, or **24%**, compared to **\$38.7 million** for the nine months ended **September 30, 2022**. The increase was due primarily to an increase in agency commissions of **\$5.0 million**, as well as an increase in ceding commissions, including **\$3.5 million** and carrier fronting fees of **\$3.3 million** **\$1.7 million**, both of which grew due to the year-over-year growth of our total book of business.

Service and Fee Income

For the three months ended **September 30, 2023** **March 31, 2024**, service and fee income was **\$4.9 million** **\$2.8 million**, an increase a decrease of **\$1.7 million** **\$0.4 million**, or **53% 13%**, compared to **\$3.2 million** for the three months ended **September 30, 2022** **March 31, 2023**. The increase decrease was due primarily to an increase in non-inspection policy fees and fee sharing arrangements.

For the nine months ended **September 30, 2023**, service and fee income was **\$11.9 million**, an increase of **\$1.6 million**, or **16%**, compared to **\$10.3 million** for the nine months ended **September 30, 2022**. The increase was due primarily to an increase a decrease in non-inspection policy fees and fee sharing arrangements.

Net Investment Income

For the three months ended **September 30, 2023** **March 31, 2024**, net investment income was **\$5.7 million** **\$5.9 million**, an increase of **\$3.2 million** **\$0.5 million**, compared to **\$2.5 million** **\$5.4 million** for the three months ended **September 30, 2022**. The increase was due primarily to an increase in yields and diversification. We are mainly invested in money market accounts, securities issued by the U.S. government and agencies, high-grade corporate securities, residential and commercial mortgage-backed securities, and other governmental related securities.

For the nine months ended **September 30, 2023**, net investment income was **\$16.5 million**, an increase of **\$12.5 million**, compared to **\$4.0 million** for the nine months ended **September 30, 2022** **March 31, 2023**. The increase was due primarily to an increase in yields and diversification. We are mainly invested in money market accounts, securities issued by the U.S. government and agencies, high-grade corporate securities, residential and commercial mortgage-backed securities, and other governmental related securities.

Loss and Loss Adjustment Expenses

For the three months ended **September 30, 2023** **March 31, 2024**, loss and loss adjustment expenses were **\$36.5 million** **\$52.6 million**, an increase of **\$12.6 million** **\$14.9 million**, compared to **\$23.9 million** **\$37.7 million** for the three months ended **September 30, 2022** **March 31, 2023**. The increase was due primarily to an increase in losses due to higher premium retention rates and the growth of our total book of business business.

This was partially offset by an improvement in our net loss ratio due to improved terms on our reinsurance treaties, and higher premium retention rates.

For a lower number of catastrophes in the nine months ended September 30, 2023, loss and loss adjustment expenses were \$150.9 million, an increase first quarter of \$75.3 million, the current year compared to \$75.6 million for the nine months ended September 30, 2022. The increase was due primarily to an increase in PCS catastrophic weather and other weather loss experience and our loss participation features as well as an increase in our total book of business and higher premium retention rates, prior year.

Insurance Related Expenses

For the three months ended September 30, 2023 March 31, 2024, insurance related expenses were \$20.3 million \$20.8 million, an increase of \$4.7 million \$5.0 million, or 30% 32%, compared to \$15.6 million \$15.8 million for the three months ended September 30, 2022 March 31, 2023. The increase was due primarily to an increase in amortization of deferred direct acquisition costs of \$5.4 million \$5.5 million due to higher premium retention rates and the growth of our business.

For the nine months ended September 30, 2023, insurance related expenses were \$54.8 million, an increase book of \$8.6 million, or 19%, compared to \$46.2 million for the nine months ended September 30, 2022. The increase was due primarily to an increase in amortization of deferred direct acquisition costs of \$6.6 million due to the growth of our business and an increase in amortization expense attributable to capitalized internal use software of \$3.1 million, business.

The primary components of insurance related expenses are listed below (in millions):

		Three Months Ended				Nine Months Ended	
		September 30,				September 30,	
		2023	2022			2023	2022
		Three Months Ended					
		Three Months Ended					
		Three Months Ended					
		March 31,					
		March 31,					
		March 31,					
		2024					
		2024					
		2024					
Amortization of deferred direct acquisition costs, net	Amortization of deferred direct acquisition costs, net	\$ 7.3	\$ 1.9	\$ 20.2			13.6
Employee-related costs	Employee-related costs	3.0	3.4	9.4			9.3
Employee-related costs							
Employee-related costs							
Underwriting costs	Underwriting costs	2.5	1.9	6.5			6.0
Amortization of capitalized internal use software	Amortization of capitalized internal use software	3.4	2.4	9.4			6.3
Amortization of capitalized internal use software							
Amortization of capitalized internal use software							
Other	Other	4.1	6.0	9.3			11.0
Total	Total	\$ 20.3	\$ 15.6	\$ 54.8			\$ 46.2
Total							
Total							

Direct acquisition costs were \$24.3 million and \$60.3 \$24.2 million for the three and nine months ended September 30, 2023 March 31, 2024, of which \$17.0 million and \$40.1 \$12.7 million were offset by ceding commission income.

Direct acquisition costs were \$11.0 million and \$41.5 million for the three and nine months ended September 30, 2022 March 31, 2023, of which \$9.1 million and \$27.9 million were offset by ceding commission income.

Technology and Development Expenses

For the three months ended September 30, 2023 March 31, 2024, technology and development expenses were \$11.9 million \$8.3 million, a decrease of \$2.9 million \$3.3 million, or 20% 28%, compared to \$14.8 million \$11.6 million for the three months ended September 30, 2022 March 31, 2023. The decrease was due primarily to a decrease in employee-related costs of \$3.4 million, including a decrease in stock-based compensation of \$1.7 million, driven by a decrease in headcount. The decrease was partially offset by a decrease in capitalized internal use software costs of \$1.0 million.

Sales and Marketing Expenses

For the three months ended March 31, 2024, sales and marketing expenses were \$14.4 million, a decrease of \$8.0 million, or 36%, compared to \$22.4 million for the three months ended March 31, 2023. The decrease was due primarily to a decrease in advertising costs of \$3.0 million and a decrease in employee-related costs of \$3.8 million, including a decrease stock-based compensation of \$2.4 million due to a decrease in headcount.

General and Administrative Expenses

For the three months ended March 31, 2024, general and administrative expenses were \$18.3 million, a decrease of \$1.5 million, or 8%, compared to \$19.8 million for the three months ended March 31, 2023. The decrease was due primarily to a decrease in stock-based compensation of \$2.3 million, driven by \$2.5 million which was partially offset by performance RSUs related to an acquisition fully vesting in the prior year. The decrease was also due to an increase in capitalized internal use software legal costs of \$1.1 million.

For the nine months ended September 30, 2023, technology impairment and development expenses were \$36.6 million, a decrease of \$9.4 million, or 20%, compared to \$46.0 million for the nine months ended September 30, 2022. The decrease was due primarily to a decrease in stock-based compensation of \$5.8 million, driven by performance RSUs related to an acquisition fully vesting in the prior year. The decrease was also due to a decrease in consultants costs of \$2.1 million.

Sales and Marketing Expenses Restructuring Charges

For the three months ended September 30, 2023 March 31, 2024, sales and marketing expenses were \$18.9 million, a decrease of \$10.5 million, or 36%, compared to \$29.4 million for the three months ended September 30, 2022. The decrease was due primarily to a decrease in advertising costs of \$8.2 million and a decrease in employee-related costs of \$1.6 million, including a decrease stock-based compensation of \$0.7 million.

For the nine months ended September 30, 2023, sales and marketing expenses were \$63.9 million, a decrease of \$9.8 million, or 13%, compared to \$73.7 million for the nine months ended September 30, 2022. The decrease was due primarily to a decrease in advertising costs of \$9.3 million and a decrease in employee-related costs of \$1.7 million. These decreases were partially offset by an increase in stock-based compensation of \$1.9 million.

General and Administrative Expenses

For the three months ended September 30, 2023, general and administrative expenses were \$20.7 million, an increase of \$1.7 million, or 9%, compared to \$19.0 million for the three months ended September 30, 2022. The increase was due primarily to an increase in legal and consulting fees of \$1.3 million.

For the nine months ended September 30, 2023, general and administrative expenses were \$62.0 million, an increase of \$8.3 million, or 15%, compared to \$53.7 million for the nine months ended September 30, 2022. The increase was due primarily to an increase in stock-based compensation of \$5.5 million, partially driven by a charge due to the repricing of options during the first quarter of 2023. There was also an increase in legal costs of \$2.5 million.

Impairment and Restructuring Charges

Impairment and restructuring charges were \$55.3 million in the three and nine months ended September 30, 2022, respectively. The charges consisted of \$53.5 million \$3.6 million which is primarily related to the impairment of goodwill and \$1.8 million related to severance and other personnel costs associated with a reduction in workforce. We review goodwill for impairment annually on October 1 and more frequently if events or changes in circumstances indicate that an impairment may exist ("a triggering event"). During the three months ended September 30, 2022, management identified quantitative and qualitative factors that collectively indicated we had a triggering event, mainly lease right-of-use asset due to the sustained decrease in stock price and continued deterioration abandonment of general macroeconomic conditions. Based on these events, we concluded that a triggering event occurred and performed an interim quantitative impairment test as of September 30, 2022. Based upon the results of the impairment test, we recognized the goodwill impairment charge. There were no impairment and restructuring expenses for the three and nine months ended September 30, 2023 leased office space. Interest and

Other (Income) Expense

For the three months ended September 30, 2023 March 31, 2024, other expense income, net was \$0.0 million compared to income an expense of \$0.1 million \$0.3 million for the three months ended September 30, 2022.

For the nine months ended September 30, 2023, other expense was \$0.5 million compared to income of \$1.4 million for the nine months ended September 30, 2022 March 31, 2023. The decrease in other income, net was due primarily to changes in the fair market value on the outstanding public and private placement warrants and our share of \$2.6 million, partially offset by a decrease in other expenses of \$0.8 million, losses from equity method investees.

Income Taxes

For the three months ended September 30, 2023 March 31, 2024, income tax expense was \$0.3 million \$0.2 million, an increase of \$0.6 million \$0.1 million compared to an expense of \$0.3 million for the three months ended September 30, 2022.

For the nine months ended September 30, 2023, income tax expense was \$0.2 million, a decrease of \$0.6 million compared to an expense of \$0.8 million for the nine months ended September 30, 2022 March 31, 2023.

Net Loss Attributable to Hippo

Net loss attributable to Hippo is calculated in accordance with GAAP as total revenue less total expenses and taxes and net of net income attributable to noncontrolling interest, net of tax.

For the three months ended **September 30, 2023** **March 31, 2024**, net loss attributable to Hippo was **\$53.1 million** **\$35.7 million**, an increase a decrease of **\$76.1 million** **\$34.1 million** compared to **\$129.2 million** **\$69.8 million** for the three months ended **September 30, 2022** **March 31, 2023** due to the factors described above.

For the nine months ended September 30, 2023, net loss attributable to Hippo was \$230.8 million, an increase of \$39.5 million compared to \$270.3 million for the nine months ended September 30, 2022 due to the factors described above.

Liquidity and Capital Resources

Sources of Liquidity

Our existing sources of liquidity include cash and cash equivalents and marketable securities. As of **September 30, 2023** **March 31, 2024**, we had **\$269.4 million** **\$223.4 million** of cash, and **\$39.9 million** of restricted cash, and **\$330.0 million** **\$287.4 million** of available-for-sale fixed income securities and short-term investments.

In addition, we are a member of the Federal Home Loan Bank (FHLB) of New York, which provides secured borrowing capacity. Our borrowing capacity as of **September 30, 2023** **March 31, 2024**, is **\$13.9 million**, **\$11.9 million**, and there were no outstanding amounts under this agreement.

To date, we have funded operations primarily with issuances of convertible preferred stock, convertible promissory notes, and from net proceeds from a private placement transaction in connection with the Business Combination, the Business Combination, and revenue. Until we can generate sufficient revenue and other income to cover operating expenses, working capital and capital expenditures, we expect the funds raised as discussed above to fund our cash needs. Our capital requirements depend on many factors, including the volume of issuances of insurance policies, the timing and extent of spending to support research and development efforts, investments in information technology systems, and the expansion of sales and marketing activities. In the future, we may raise additional funds through the issuance of debt or equity securities or through borrowing. We cannot assure that such funds will be on favorable terms, or available at all.

Cash Flow Summary

The following table summarizes our cash flows for the periods presented (in millions):

Nine Months Ended			2023	2022	Change			
September 30,								
Three Months Ended								
	March 31,	March 31,						
	March 31,	March 31,						
	2024	2024						
	2024	2024						
			2023		Change			
Net cash provided by (used in):	Net cash provided by (used in):							
Operating activities								
Operating activities								
Operating activities	Operating activities	\$(43.9)	\$(131.4)	\$ 87.5				
Investing activities	Investing activities	\$ 79.6	\$(290.7)	\$ 370.3				
Financing activities	Financing activities	\$(10.8)	\$ (3.7)	\$ (7.1)				

Operating Activities

Cash used in operating activities represents payments for our operations including, payroll, loss and loss adjusted expenses and marketing activities. Cash provided by operating activities was \$17.7 million for the three months ended March 31, 2024, a decrease of \$53.4 million, from cash used in operating activities was \$43.9 million of \$35.7 million for the nine months ended September 30, 2023, a decrease of \$87.5 million, from \$131.4 million for the nine months ended September 30, 2022 March 31, 2023. Our cash used in operations was lower than last year mainly due primarily to an increase in revenues as well as working capital changes that benefited cash, including a decrease in prepaid reinsurance premiums due to higher premium retention. This was partially offset by an increase in our loss and loss adjustment expenses.

Investing Activities

Cash provided by investing activities was **\$79.6 million** **\$58.5 million** for the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, due primarily to the maturities and sales of investment securities, partially offset by purchases of investment securities and an office building.

Cash used in provided by investing activities was **\$290.7 million** **\$13.8 million** for the **nine** **three** months ended **September 30, 2022** **March 31, 2023**, due primarily to purchases of investment securities partially offset by maturities and sales of investment securities.

Financing Activities

Cash used in financing activities was **\$10.8 million** **\$8.0 million** for the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, primarily driven by distributions to noncontrolling interests repurchases of shares, and taxes paid related to net share settlement of RSUs, and payments of contingent consideration, partially offset by proceeds from common stock issuances.

Cash used in financing activities was **\$3.7 million** **\$1.9 million** for the **nine** **three** months ended **September 30, 2022** **March 31, 2023**, primarily driven by taxes paid related to net share settlement of RSUs and payments of contingent consideration, partially offset by proceeds from common stock issuances, distributions to noncontrolling interests.

Material Cash Requirements

Our material cash requirements from known contractual and other obligations primarily relate to purchase commitments, lease payments, and unpaid loss and loss adjustment expense. There have been no material changes to our contractual obligations from those described in the Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**, other than an increase in Unpaid Loss and Loss Adjustment Expense. The estimation of the unpaid losses and loss adjustment expenses is based on various complex and subjective judgments. Actual losses paid may differ, perhaps significantly, from the reserve estimates reflected in our condensed consolidated financial statements. Similarly, the timing of payment of our estimated losses is not fixed and there may be significant changes in actual payment activity. The assumptions used in estimating the likely payments due by period are based on our historical claims payment experience and industry payment patterns, but due to the inherent uncertainty in the process of estimating the timing of such payments, there is a risk that the amounts paid can be significantly different from the amounts disclosed.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts in our condensed consolidated financial statements. We evaluate our estimates on an on-going basis, including those related to our revenue, loss and loss adjustment expense reserve, recoverability of our net deferred tax asset, and intangible assets. 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 values of assets and liabilities. Although actual results have historically been reasonably consistent with management's expectations, the actual results may differ from these estimates, or our estimates may be affected by different assumptions or conditions.

Recent Accounting Pronouncements

The information set forth under Note 1 to the condensed consolidated financial statements under the caption "Description of Business and Summary of Significant Accounting Policies" is incorporated herein by reference.

Emerging Growth Company Status

We currently qualify as an "emerging growth company" under the JOBS Act. Accordingly, we are provided the option to adopt new or revised accounting guidance either (1) within the same periods as those otherwise applicable to non-emerging growth companies or (2) within the same time periods as private companies.

We have elected to adopt new or revised accounting guidance within the same time period as private companies, unless management determines that it is preferable to take advantage of early adoption provisions offered within the applicable guidance. Our utilization of these transition periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the transition periods afforded under the JOBS Act.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For financial We are exposed to market risks related to interest rate changes and the corresponding changes in interest rates, refer to Item 7A "Quantitative and Qualitative Disclosures About Market Risk" contained in Part II the market values of our Annual Report on Form 10-K for investments.

Interest Rate Risk

Market risk is the year ended December 31, 2022. Our exposure potential loss arising from adverse changes in market rates and prices, such as interest rates. We are primarily exposed to market risk has through our fixed maturities, short-term investments, and cash and cash equivalents. We invest our excess cash primarily in money market accounts, corporate and foreign securities, residential and commercial mortgage-backed securities, and other governmental related securities. Our current investment strategy seeks first to preserve principal, second to provide liquidity for our operating and capital needs, and third to maximize yield without putting principal at risk. We do not changed significantly since December 31, 2022. enter into investments for trading or speculative purposes. Our investments are exposed to market risk due to the fluctuation of prevailing interest rates that may reduce the yield on our investments or their fair value. Management does not expect our results of operations or cash flows to be materially affected by a sudden change in market interest rates.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and our chief financial officer, has concluded, based upon its evaluation as of the end of the period covered by this report, that the Company's "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as

amended (the "Exchange Act")), are effective in providing reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures.

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, 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 and internal control over financial reporting 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.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the most recently completed fiscal quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth under Note 12 Commitments and Contingencies in the notes to the condensed consolidated financial statements under the caption "Legal Proceedings" is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There have been no material changes from to the risk factors previously disclosed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, except for the following risk factor which supplements the risk factors referenced above.

We are subject to extensive insurance industry regulations.

Currently, Spinnaker is licensed to write limited lines of business in 50 states and the District of Columbia, and Hippo Analytics Inc. is licensed as an insurance agency in 50 states and the District of Columbia.

Each U.S. state regulator retains the authority to license insurance producers and insurance companies in their states, and a producer or company generally may not operate in a state in which it is not licensed. Accordingly, we are not permitted to sell or underwrite insurance to residents of the remaining states and territories of the United States for lines or products for which we are not authorized, which is likely to put us at a disadvantage among many of our competitors that have been in business much longer than us and are licensed to sell their insurance products in most, if not all, U.S. jurisdictions.

Additionally, RHS is domiciled in the Cayman Islands, and as such noncompliance with applicable Cayman regulations may subject us to regulatory action or private litigation. Further, applicable laws, regulations, and administrative practices in the Cayman Islands may be subject to significant change, with or without notice, due to economic, political, and other conditions.

We are subject to extensive regulation and supervision in the states in which we transact business by the individual state insurance departments. This regulation is generally designed to protect the interests of consumers, and not necessarily the interests of insurers or producers, their shareholders, or other investors. Numerous aspects of our insurance business are subject to regulation, including, but not limited to, premium rates, mandatory covered risks, limitations on the ability to non-renew or to cancel or elect not to renew business, prohibited exclusions, licensing and appointment of agents, restrictions on the size of risks that may be insured under a single policy, reserves and provisions for unearned premiums, losses and other obligations, deposits of securities for the benefit of customers, investments and capital, policy forms and coverages, advertising and other conduct, including restrictions on the use of credit information and other factors in underwriting, as well as other production, underwriting and claims practices. To the extent we decide to expand our current product offerings to include other insurance products, this would subject us to additional regulatory requirements and scrutiny in each state in which we elect to offer such products. States have also adopted legislation defining and prohibiting unfair methods of competition and unfair or deceptive acts and practices in the business of insurance. Prohibited practices include, but are not limited to, misrepresentations, false advertising, coercion, disparaging other insurers, unfair claims settlement procedures, discrimination in the business of insurance, and offering illegal inducements in connection with insurance sales. Noncompliance with any of such state statutes may subject us to regulatory action by the relevant state insurance regulator, and, in certain states, private litigation. States also regulate various aspects of the contractual relationships between insurers and licensed agents and brokers.

Such laws, rules, and regulations are usually overseen and enforced by the various state insurance departments, as well as through private rights of action and by state attorneys general. Such regulations or enforcement actions are often responsive to current consumer and political sensitivities, such as homeowners' insurance rates and coverage forms, which may arise after a major event. Such rules and regulations may result in rate suppression, limit our ability to manage our exposure to unprofitable or volatile risks, or lead to fines, premium refunds, or other adverse consequences. The federal government also may regulate aspects of our businesses, such as the protection of consumer confidential information or the use of consumer insurance (credit) scores to underwrite and assess the risk of customers under the Fair Credit Reporting Act ("FCRA"). Among other things, the FCRA requires insurance companies to have a permissible purpose before obtaining and using a consumer report for underwriting purposes, as well as comply with related notice and recordkeeping requirements. Failure to comply with federal requirements under the FCRA or any other applicable federal laws would subject us to regulatory fines and other sanctions. In addition, given our short operating history to-date and rapid speed of growth, we are particularly vulnerable to regulators identifying errors in the policy forms we use, the rates we charge, and our customer communications, including but not limited to cancellations, non-renewals, and reinstatements. For example, in March 2024 we received inquiries from the California Department of Insurance related to the complaints they received from consumers specifically as regards the compliance with California law of the non-renewal of those homeowners' policies. As a result of any such noncompliance, regulators could impose fines, rebates, or other penalties, including cease-and-desist orders for an individual state, or all states, until the identified noncompliance is rectified.

Our ability to retain state licenses depends on our ability to meet licensing requirements enacted or promulgated in each state (sometimes based on model laws and regulations developed by the NAIC), subject to significant variations across states. If we are unable to satisfy the applicable licensing requirements of any particular state, we could lose our license to do business in such state, which would result in the temporary or permanent cessation of our operations in that state. Alternatively, if we are unable to satisfy applicable state licensing requirements, we may be subject to additional regulatory oversight, have our license suspended, face monetary penalties, or be subject to seizure of assets. Any such events could adversely affect our business, results of operations or financial condition.

In addition, as a condition to writing business in certain states, insurance companies are often required to participate in various pools or risk sharing mechanisms or to accept certain classes of risk, regardless of whether such risks meet their underwriting requirements for voluntary business. Some states also limit or impose restrictions on the ability of an insurer to withdraw from certain classes of business. Certain states impose significant restrictions on a company's ability to materially reduce its exposures, non-renew, or to withdraw from certain lines of business. State insurance departments can impose significant charges on an insurer in connection with a market withdrawal or refuse to approve withdrawal plans including on the grounds that they could lead to market disruption. Laws and regulations that limit cancellation and non-renewal of policies or that subject withdrawal plans to prior approval requirements may significantly restrict our ability to terminate unprofitable risks or to exit unprofitable markets. Such actions and related regulatory restrictions may limit our ability to reduce our potential exposure including, but not limited to, catastrophe events such as hurricane-related losses.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Company Purchases of Equity Securities

The following table provides information with respect to purchases of our common stock by the Company or any "affiliated purchaser" as defined in Rule 10b-18(a)(3) under the Exchange Act, during the three months ended **September 30, 2023** **March 31, 2024**.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
(in millions, except share and per share data)				
July January 1 through July 31, 2023	—	\$ —	—	—
January 31, 2024	—	\$ —	—	—
August February 1 through August 31, 2023	—	\$ —	—	—
February 29, 2024	—	\$ —	—	—
September March 1 through September 30, 2023	—	\$ —	—	—
March 31, 2024	—	\$ —	—	—
Total	—	\$ —	—	\$ 48.2

(1) In March 2023, the Company's Board of Directors authorized a share repurchase program to purchase up to \$50.0 million of the Company's common stock, with no expiration date. Repurchases under the program may be made in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases to be determined at the Company's discretion depending on market conditions and corporate needs. This program does not obligate the Company to acquire any particular amount of its common stock, and may be modified, suspended or terminated at any time at the Company's discretion.

(2) Includes direct costs incurred to acquire the shares.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable. Rule 10b5-1 Trading Arrangements

From time to time, our officers (as defined in Rule 16a-1(f)) and directors may enter into Rule 10b5-1 or non-Rule 10b5-1 trading arrangements (as each such term is defined in Item 408 of Regulation S-K). During the three months ended March 31, 2024, our officers and directors took the following actions with respect to trading arrangements that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c):

Name and Position	Action	Date	Trading Arrangement			Expiration Date
			Rule 10b5-01	Non- Rule 10b5-01	Total Shares to be Sold	
Richard McCathron (Chief Executive Officer)	Adopt	3/8/2024	X	—	29,997	3/6/2025
Michael Stienstra (GM & Chief Insurance Officer, HHIP)	Adopt	3/21/2024	X	—	42,792	3/1/2025
Assaf Wand (Executive Chairman)	Adopt	3/11/2024	X	—	147,000	6/10/2025

ITEM 6. EXHIBITS

Exhibit Number	Description
31.1	Certification of Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.#
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.#
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*
Exhibit 104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

*

Filed herewith.

Exhibits 32.1 and 32.2 are being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall such exhibits be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act or the Exchange Act, except as otherwise specifically stated in such filing.

#

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 on [November 2, 2023](#) [May 2, 2024](#).

HIPPO HOLDINGS INC.

By: /s/ Richard McCathron

Name: Richard McCathron

Title: Chief Executive Officer

By: /s/ Stewart Ellis

Name: Stewart Ellis

Title: Chief Financial Officer

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EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard McCathron, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hippo Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023 May 2, 2024

By: /s/ Richard McCathron

Richard McCathron
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stewart Ellis, certify that:

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

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 2, 2023** **May 2, 2024**

By: **/s/ Stewart Ellis**
Stewart Ellis
Chief 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 of Hippo Holdings Inc. (the "Company") on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard McCathron, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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: **November 2, 2023** **May 2, 2024**

/s/ Richard McCathron
Name: Richard McCathron
Title: Chief 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 of Hippo Holdings Inc. (the "Company") on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stewart Ellis, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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: **November 2, 2023** **May 2, 2024**

/s/ Stewart Ellis

Name: Stewart Ellis

Title: Chief Financial Officer

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