

PALOMAR HOLDINGS INC.

DIVIDEND POLICY

Adopted by the Board of Directors on July 29, 2026

1. Purpose, Scope and Authority

- 1.1. This Dividend Policy (the “Policy”) sets forth the principles, procedures and governance standards that will guide the Board of Directors (the “Board”) of Palomar Holdings, Inc. (the “Company”), a Delaware corporation, in evaluating, declaring, paying, suspending or modifying dividends on the Company’s capital stock and/or equity awards.
- 1.2. The objectives of this Policy are to provide a disciplined framework for returning capital to stockholders as and when determined appropriate by the Board, in its sole discretion, to preserve the Company’s and its insurance subsidiaries’ financial strength and regulatory capital adequacy, to support the Company’s long-term growth and reinvestment strategy, and to maintain compliance with applicable corporate, insurance, securities and Nasdaq Stock Market (“Nasdaq”) requirements.
- 1.3. This Policy applies to any regular quarterly dividend, annual dividend, special dividend or other dividend or distribution on the Company’s common stock (including common stock equivalents and/or equity awards) declared by the Board, and it applies to dividends or distributions on any preferred stock or other equity securities to the extent consistent with the certificate of incorporation, any certificate of designation, the terms of the applicable security and applicable law.
- 1.4. Section 170 of the Delaware General Corporation Law (the “DGCL”) provides that the board of directors of a Delaware corporation may declare and pay dividends on shares of capital stock either out of surplus or, if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year, subject to statutory limitations relating to impaired capital. For purposes of the DGCL, “surplus” generally means the excess, if any, of the corporation’s net assets over the amount determined to be capital, and “net assets” means the amount by which total assets exceed total liabilities. Section 173 of the DGCL provides that dividends may be paid in cash, in property or in shares of the corporation’s capital stock, subject to the requirements of the DGCL.
- 1.5. The declaration, amount, record date, payment date, form and frequency of any dividend shall be determined solely by the Board, in its sole discretion acting in the exercise of its fiduciary duties and in accordance with applicable law. In making such determination, the Board shall consider the factors set forth in Section 3 of this Policy.
- 1.6. Pursuant to this policy, the Board may adopt an expected pattern of dividend consideration, including quarterly consideration, annual consideration or consideration from time to time as circumstances warrant, but no such pattern shall obligate the Board to declare any dividend. Nothing contained in this policy shall be considered a guarantee of future dividends and any future dividends may be reduced or not declared as determined by the Board.

2. Dividend Declaration Process

- 2.1. Management shall consider and, as management determines appropriate, recommend to the Board the approval of a dividend.
 - 2.1.1. In connection with any such recommendation, management shall provide the Board with materials management believes reasonably necessary to support an informed determination, including:
 - 2.1.1.1. the proposed dividend amount, form of dividend, record date, payment date, aggregate expected cash or asset outflow, legal availability analysis under Delaware law, expected

impact on liquidity and capitalization, and any required Nasdaq, SEC, transfer agent or regulatory actions;

- 2.1.1.2. such financial information as management determines appropriate, including but not limited to, an analysis of the Company's recent and projected earnings, operating cash flow, capital resources, expected liquidity requirements, capital expenditures, debt service, financing availability, tax considerations, investment portfolio condition, reinsurance program, rating agency considerations, and business plan.
- 2.2. Following management's recommendation, the Board shall consider the information provided by management as well as the factors set forth in Section 3 in making its determination.
- 2.3. The Board may declare regular dividends on a quarterly, annual or other periodic basis if it determines that such dividends are advisable, in the best interests of the Company's stockholders and legally permissible.
- 2.4. In the event the Board is contemplating a special dividend, in addition to the factors set forth in Section 3, the Board shall approve such special dividend only after considering the non-recurring nature of the proposed distribution, the Company's current and projected capital needs, the potential impact on the Company's common stock trading market, the effect on insurance subsidiary capital and surplus, and any required regulatory notice or approval.
- 2.5. No officer, employee or agent of the Company shall publicly announce a dividend, record date, payment date or dividend policy change unless and until the Board has approved the applicable action and the Company has satisfied, or arranged to satisfy, applicable Nasdaq notification, securities law disclosure and internal disclosure-control requirements.

3. Factors Governing Dividend Decisions

- 3.1. **Earnings and Cash Flow.** The Board shall consider the Company's net income, operating income, earnings quality, cash flow from operations, investment income, realized and unrealized gains and losses, statutory earnings of insurance subsidiaries, parent-company cash, projected cash needs and the sustainability of any proposed dividend.
- 3.2. **Capital Adequacy, Statutory Surplus and Reserve Requirements.** The Board shall consider the Company's consolidated capital position and the statutory capital and surplus, risk-based capital levels, reserve adequacy and solvency position of each regulated insurance subsidiary.
- 3.3. **Insurance Regulatory Constraints.** The Board shall consider all restrictions imposed by applicable insurance laws, insurance holding company acts, insurance department orders, consent requirements, examination findings, risk-based capital requirements, hazardous financial condition rules, enterprise risk reporting, group capital calculations and similar regulatory requirements.
- 3.4. **Debt Covenants, Contractual Restrictions and Financing Needs.** The Board shall consider any restrictions under the Company's indebtedness, credit facilities, indentures, preferred stock terms, reinsurance arrangements, capital maintenance agreements, acquisition agreements or other contractual obligations.
- 3.5. **Growth and Reinvestment Strategy.** The Board shall consider whether retaining capital for organic growth, technology investment, underwriting expansion, product development, rate adequacy, reinsurance retention, acquisitions, strategic investments, capital contributions to subsidiaries or other reinvestment opportunities is preferable to declaring a dividend.
- 3.6. **Investment Portfolio, Reserves, Underwriting and Reinsurance.** The Board shall consider the Company's investment portfolio liquidity, duration, quality, concentration, market risk, realized and unrealized losses, claims reserves, loss and loss adjustment expense trends, reinsurance recoverables,

catastrophe exposure and other insurance operating risks. Insurance-sector guidance recognizes that an insurer's investment portfolio is critical to cover current and future policy obligations, and insurance company disclosures typically address risks relating to capital requirements, dividend restrictions and investment portfolios.

- 3.7. **Market Conditions and Stockholder Return Considerations.** The Board may consider capital market conditions, the Company's common stock trading performance, dividend yield, peer practices, investor expectations, rating agency expectations, the tax treatment of dividends and alternative capital return methods.
- 3.8. **Other Relevant Factors.** The Board may consider any other factors it deems relevant, including macroeconomic conditions, inflation, interest rates, catastrophe events, litigation, regulatory developments, ratings implications, competitive conditions, acquisition opportunities and the interests of policyholders, stockholders, creditors and other stakeholders.

4. Disclosure Compliance

- 4.1. For any dividend action or action relating to a stock distribution of a listed security, the Company shall notify Nasdaq by filing the appropriate Nasdaq form no later than ten calendar days before the record date, or as otherwise may be required by the Nasdaq rules.
- 4.2. The Company shall coordinate with Nasdaq, its transfer agent, its disclosure committee, its legal counsel and any other relevant advisors before setting a record date or payment date.
- 4.3. The Company shall disclose each dividend declaration by press release, Form 8-K, website posting or other Regulation FD-compliant method as determined by management in consultation with counsel, taking into account materiality, market practice and applicable SEC requirements.

5. Administration

- 5.1. The Board shall review this Policy at least annually, or more frequently if warranted by changes in the Company's business, capital position, insurance regulatory environment, Nasdaq listing requirements, SEC disclosure requirements, Delaware law, debt covenants, rating agency expectations or market practice.
- 5.2. The Board may amend, restate, suspend or terminate this Policy at any time, with or without prior notice, subject to applicable law and any required public disclosure.
- 5.3. The Board may suspend dividend consideration or payment under this Policy if it determines that suspension is advisable due to the Company's financial condition, insurance subsidiary capital needs, reserve development, catastrophe losses, regulatory constraints, debt covenants, liquidity needs, strategic opportunities or any other factor the Board deems relevant.
- 5.4. This Policy does not create a legal obligation of the Company, the Board or any committee of the Board to declare, set aside, make or pay any dividend at any time or in any amount. No stockholder or other person shall have any right to receive a dividend unless and until the Board has duly declared the dividend and the Company has satisfied all conditions required by applicable law and the terms of the relevant security.