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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, 2026

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: 001-38873

Palomar Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**83-3972551**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7979 Ivanhoe Avenue, Suite 500 La Jolla, California	**92037**
(Address of principal executive offices)	(Zip Code)

(619) 567-5290

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	PLMR	The Nasdaq Stock Market LLC

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

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

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

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

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

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

Number of shares of the registrant's common stock outstanding at November 4, 2026: 26,294,949

PALOMAR HOLDINGS, INC.

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Part I: FINANCIAL INFORMATION
Item 1: Financial Statements

Palomar Holdings, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(in thousands, except shares and par value data)

	September 30, 2026 (Unaudited)	December 31, 2025
Assets		
Investments:		
Fixed maturity securities available for sale, at fair value (amortized cost: $1,650,443 in 2026; $1,227,605 in 2025)	$ 1,565,619	$ 1,224,187
Fixed maturity securities held to maturity, at amortized cost	14,701	—
Equity securities, at fair value (cost: $108,026 in 2026; $81,772 in 2025)	123,745	99,333
Other investments	53,966	28,503
Total investments	1,758,031	1,352,023
Cash and cash equivalents	55,627	106,875
Restricted cash	—	17
Accrued investment income	15,358	11,545
Premiums receivable	667,166	452,908
Deferred policy acquisition costs, net of ceding commissions and fronting fees	162,888	127,718
Reinsurance recoverable on paid losses and loss adjustment expenses	48,220	56,428
Reinsurance recoverable on unpaid losses and loss adjustment expenses	604,411	412,273
Ceded unearned premiums	453,173	355,918
Prepaid expenses and other assets	168,777	110,896
Deferred tax assets, net	4,518	761
Property and equipment, net	2,649	2,551
Goodwill and intangible assets, net	228,426	61,054
Total assets	$ 4,169,244	$ 3,050,967
Liabilities and stockholders' equity		
Liabilities:		
Accounts payable and other accrued liabilities	$ 183,128	$ 115,663
Reserve for losses and loss adjustment expenses	1,104,974	688,231
Unearned premiums	1,257,218	988,143
Ceded premium payable	270,547	271,413
Funds held under reinsurance treaty	53,367	44,850
Borrowings from credit agreements	21,000	—
Term loan	294,038	—
Total liabilities	3,184,272	2,108,300
Stockholders' equity:		
Preferred stock, $0.0001 par value, 5,000,000 shares authorized, 0 shares issued and outstanding as of September 30, 2026 and December 31, 2025	—	—
Common stock, $0.0001 par value, 500,000,000 shares authorized, 26,290,067 and 26,520,417 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	3	3
Additional paid-in capital	553,574	523,168
Accumulated other comprehensive loss	(66,266)	(2,506)
Retained earnings	497,661	422,002
Total stockholders' equity	984,972	942,667
Total liabilities and stockholders' equity	$ 4,169,244	$ 3,050,967

See accompanying notes.

Palomar Holdings, Inc. and Subsidiaries

Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited)

(in thousands, except shares and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenues:				
Gross written premiums	$ 767,046	$ 597,171	$ 2,027,330	$ 1,535,623
Ceded written premiums	(378,477)	(321,927)	(975,669)	(819,171)
Net written premiums	388,569	275,244	1,051,661	716,452
Change in unearned premiums	(23,178)	(50,097)	(137,880)	(147,277)
Net earned premiums	365,391	225,147	913,781	569,175
Net investment income	22,406	14,572	60,340	40,014
Net realized and unrealized (losses) gains on investments	(2,692)	3,493	2,167	9,461
Commission and other income	1,485	1,448	3,664	3,954
Total revenues	386,590	244,660	979,952	622,604
Expenses:				
Losses and loss adjustment expenses	151,646	72,812	337,732	157,739
Acquisition expenses, net of ceding commissions and fronting fees	72,352	56,270	213,923	154,266
Other underwriting expenses	72,722	48,306	207,057	129,563
Interest expense	5,138	133	13,243	304
Total expenses	301,858	177,521	771,955	441,872
Income before income taxes	84,732	67,139	207,997	180,732
Income tax expense	19,397	15,684	47,123	39,827
Net income	$ 65,335	$ 51,455	$ 160,874	$ 140,905
Other comprehensive income, net:				
Net unrealized (losses) gains on securities available for sale	(51,107)	9,541	(63,760)	22,753
Net comprehensive (loss) income	$ 14,228	$ 60,996	$ 97,114	$ 163,658
Per Share Data:				
Basic earnings per share	$ 2.48	$ 1.93	$ 6.09	$ 5.28
Diluted earnings per share	$ 2.42	$ 1.87	$ 5.93	$ 5.12
Weighted-average common shares outstanding:				
Basic	26,308,497	26,637,592	26,408,217	26,683,856
Diluted	26,995,574	27,446,519	27,143,378	27,533,533

See accompanying notes.

Palomar Holdings, Inc. and Subsidiaries

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

(in thousands, except share data)

	Number of Common Shares Outstanding	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
Balance at December 31, 2025	26,520,417	$ 3	$ 523,168	$ (2,506)	$ 422,002	$ 942,667
Other comprehensive loss, net of tax	—	—	—	(13,947)	—	(13,947)
Stock-based compensation	—	—	8,786	—	—	8,786
Issuance of common stock via employee stock purchase plan	7,148	—	743	—	—	743
Issuance of common stock via equity incentive plan	176,985	—	25	—	—	25
Policyholder contribution to surplus	—	—	906	—	—	906
Repurchases of common stock	(190,255)	—	—	—	(23,088)	(23,088)
Net income	—	—	—	—	42,947	42,947
Balance at March 31, 2026	26,514,295	$ 3	$ 533,628	$ (16,453)	$ 441,861	$ 959,039
Other comprehensive income, net of tax	—	—	—	1,294	—	1,294
Stock-based compensation	—	—	7,438	—	—	7,438
Issuance of common stock via equity incentive plan	41,403	—	460	—	—	460
Policyholder contribution to surplus	—	—	1,136	—	—	1,136
Repurchases of common stock	(368,719)	—	—	—	(41,017)	(41,017)
Net income	—	—	—	—	52,592	52,592
Balance at June 30, 2026	26,186,979	$ 3	$ 542,662	$ (15,159)	$ 453,436	$ 980,942
Other comprehensive loss, net of tax	—	—	—	(51,107)	—	(51,107)
Stock-based compensation	—	—	7,022	—	—	7,022
Issuance of common stock via employee stock purchase plan	8,191	—	881	—	—	881
Issuance of common stock via equity incentive plan	164,897	—	1,646	—	—	1,646
Policyholder contribution to surplus	—	—	1,363	—	—	1,363
Repurchases of common stock	(70,000)	—	—	—	(8,886)	(8,886)
Dividends and dividend equivalents declared ($0.45 per share)	—	—	—	—	(12,224)	(12,224)
Net income	—	—	—	—	65,335	65,335
Balance at September 30, 2026	26,290,067	$ 3	$ 553,574	$ (66,266)	$ 497,661	$ 984,972

See accompanying notes.

Palomar Holdings, Inc. and Subsidiaries

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

(in thousands, except share data)

	Number of Common Shares Outstanding	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
Balance at December 31, 2024	26,529,402	$ 3	$ 493,656	$ (26,845)	$ 262,216	$ 729,030
Other comprehensive income, net of tax	—	—	—	10,203	—	10,203
Stock-based compensation	—	—	4,745	—	—	4,745
Issuance of common stock via employee stock purchase plan	6,310	—	526	—	—	526
Issuance of common stock via equity incentive plan	199,420	—	2,377	—	—	2,377
Policyholder contribution to surplus	—	—	777	—	—	777
Offering costs (related to prior year offering)	—	—	(131)	—		(131)
Net income	—	—	—	—	42,922	42,922
Balance at March 31, 2025	26,735,132	$ 3	$ 501,950	$ (16,642)	$ 305,138	$ 790,449
Other comprehensive income, net of tax	—	—	—	3,009	—	3,009
Stock-based compensation	—	—	5,347	—	—	5,347
Issuance of common stock via equity incentive plan	42,066	—	889	—	—	889
Policyholder contribution to surplus	—	—	975	—	—	975
Net income	—	—	—	—	46,528	46,528
Balance at June 30, 2025	26,777,198	$ 3	$ 509,161	$ (13,633)	$ 351,666	$ 847,197
Other comprehensive income, net of tax	—	—	—	9,541	—	9,541
Stock-based compensation	—	—	5,379	—	—	5,379
Issuance of common stock via employee stock purchase plan	6,116	—	639	—	—	639
Issuance of common stock via equity incentive plan	19,627	—	80	—	—	80
Policyholder contribution to surplus	—	—	1,106	—	—	1,106
Offering costs (related to prior year offering)	—	—	(10)	—	—	(10)
Repurchases of common stock	(308,417)	—	—	—	(37,277)	(37,277)
Net income	—	—	—	—	51,455	51,455
Balance at September 30, 2025	26,494,524	$ 3	$ 516,355	$ (4,092)	$ 365,844	$ 878,110

See accompanying notes.

Palomar Holdings, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows (Unaudited)

(in thousands)

	Nine Months Ended September 30,	
	2026	**2025**
Operating activities		
Net cash provided by operating activities	$ 334,759	$ 291,705
Investing activities		
Purchases of property and equipment	(486)	(115)
Proceeds from sale of property and equipment	193	230
Capitalized software costs	(6,590)	(4,583)
Purchases of fixed maturity securities available for sale	(655,261)	(710,495)
Purchases of fixed maturity securities held to maturity	(14,700)	—
Purchases of equity securities	(64,800)	(10,261)
Sales and maturities of fixed maturity securities	327,947	557,125
Sales of equity securities	45,525	12,956
Change in securities receivable or payable, net	3,003	(522)
Investments in limited partnerships and other assets	(11,553)	(12,661)
Purchase of policy renewal rights	—	(600)
Acquisitions, net of cash acquired	(246,321)	(61,509)
Net cash used in investing activities	(623,043)	(230,435)
Financing activities		
Payments on line of credit	(187,000)	(15,000)
Proceeds from line of credit	208,000	15,000
Proceeds from term loan	300,000	—
Payments on term loan	(3,738)	—
Payment of debt issuance costs	(2,566)	—
Proceeds from stock offering, net of offering costs	—	(141)
Proceeds from common stock issued via employee stock purchase plan	1,624	1,165
Proceeds from common stock issued via stock option exercises	2,131	3,346
Policyholder contribution to surplus	3,405	2,858
Repurchases of common stock	(72,991)	(37,277)
Dividends paid	(11,846)	—
Net cash provided by (used in) financing activities	237,019	(30,049)
Net (decrease) increase in cash, cash equivalents and restricted cash	(51,265)	31,221
Cash, cash equivalents and restricted cash at beginning of period	106,892	80,539
Cash, cash equivalents and restricted cash at end of period	$ 55,627	$ 111,760
Supplementary cash flow information:		
Cash paid for federal income taxes	$ 49,210	$ 37,392
Cash paid for state income taxes	$ 2,144	$ 840
Cash paid for interest	$ 12,379	$ 228

The following table summarizes our cash and cash equivalents and restricted cash and cash equivalents within the condensed consolidated balance sheets (in thousands):

	September 30, 2026	**December 31, 2025**
	(unaudited)	
Cash and cash equivalents	$ 55,627	$ 106,875
Restricted cash	—	17
Cash and cash equivalents and restricted cash	$ 55,627	$ 106,892

See accompanying notes.

Palomar Holdings, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Summary of Operations and Basis of Presentation

Summary of Operations

Palomar Holdings, Inc. (the "Company") is a Delaware-incorporated insurance holding company that was founded in 2014. The Company has several wholly owned subsidiaries including an Oregon-domiciled insurance company, Palomar Specialty Insurance Company ("PSIC"), a Bermuda-domiciled reinsurance company, Palomar Specialty Reinsurance Company Bermuda Ltd. ("PSRE"), an Arizona-domiciled surplus lines insurance company, Palomar Excess and Surplus Insurance Company ("PESIC"), a California-domiciled property and casualty insurance agency, Palomar Insurance Agency, Inc., DBA Palomar General Insurance Agency ("PGIA"), a Delaware-incorporated management company, Palomar Underwriters Exchange Organization, Inc. ("PUEO"), that provides services to a Hawaii-domiciled reciprocal exchange, Laulima Exchange ("Laulima"), as its attorney-in-fact, a New Jersey-domiciled insurance carrier specializing in surety bonds, First Indemnity of America Insurance Co. ("FIA"), a Delaware-incorporated insurance management company, Palomar Crop Insurance Services, Inc. ("PCIS"), and a Louisiana-domiciled and Treasury-listed surety carrier specializing in contract bonds, Palomar Casualty and Surety Company ("PCSC").

Segment Reporting

The Company has a single operating segment, the property and casualty insurance business. The Company's chief operating decision maker ("CODM") is the Chief Executive Officer. The CODM reviews the Company's consolidated net income as reported under GAAP, which is the primary measure of segment profit or loss. The CODM also reviews the individual measures and significant segment expenses that contribute to net income including gross written premiums, net earned premiums, losses and loss adjustment expenses, acquisition and underwriting expenses, and net investment income. The CODM reviews these measures, comparing them to prior periods and forecasted expectations, and makes resource allocation decisions based on the analysis. The significant segment expenses provided to the CODM are consistent with the categories shown in the Company's Consolidated Statements of Income and Comprehensive Income and there are no other segment items used by the CODM. While the Company's CODM also reviews the revenue streams attributable to individual products, operations are managed, resources are allocated, and financial performance is evaluated on a consolidated basis.

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial information and include the accounts of the Company and its wholly-owned subsidiaries.

The condensed consolidated financial statements also include the accounts of Laulima, a variable interest entity ("VIE") for which the Company is the primary beneficiary. The Company determined it is the primary beneficiary because it has the power to direct the activities that most significantly impact Laulima's economic performance and the obligation to absorb losses that could be significant to Laulima, primarily through capital previously provided. The assets of Laulima may only be used to settle its obligations, and its creditors do not have recourse to the general credit of the Company.

These condensed consolidated financial statements do not contain all information and footnotes required by GAAP for complete consolidated financial statements. For a more complete description of the Company's business and accounting policies, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 24, 2026 (the "2025 Annual Report on Form 10-K"). In the opinion of management, all adjustments necessary for a fair presentation of the condensed consolidated financial statements have been included. Such adjustments consist only of normal recurring items. All intercompany balances and transactions have been eliminated in consolidation. Interim results are not necessarily indicative of results of operations for the full year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the condensed consolidated financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein. All revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant estimates reflected in the Company's condensed consolidated financial statements include, but are not limited to, reserves for losses and loss adjustment expenses, reinsurance recoverables on unpaid losses, the allowance for credit losses on the Company's held-to-maturity investments, and the fair values of investments.

Recent Accounting Pronouncements

Recently adopted accounting pronouncements

The Company has not adopted any new accounting guidance during the nine months ended September 30, 2026.

Recently issued accounting pronouncements not yet adopted

Income Statement Expenses

In November 2024, the FASB issued ASU No. *2024-03, Disaggregation of Income Statement Expenses ("ASU 2024-03")*, which will require disclosure of additional information about specific expense categories in the notes to financial statements for all public business entities. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

Internal-Use Software

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40) ("ASU 2025-06")*, which clarifies and modernizes the accounting for costs related to internal-use software by removing references to project stages and clarifying the probable-to-complete threshold for capitalization of internal-use software costs when significant development uncertainty exists. ASU 2025-06 is effective for annual reporting periods beginning after December 15, 2027, and interim periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

2. Investments

The Company's available-for-sale investments are summarized as follows:

September 30, 2026	Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
			($ in thousands)		
Fixed maturities:					
U.S. Governments	$ 31,933	$ 1	$ (568)	$ —	$ 31,366
U.S. States, Territories, and Political Subdivisions	17,730	—	(1,807)	—	15,923
Special revenue excluding mortgage/asset-backed securities	20,010	—	(2,898)	—	17,112
Corporate and other	834,795	793	(46,884)	—	788,704
Mortgage/asset-backed securities	745,975	371	(33,832)	—	712,514
Total available-for-sale investments	$ 1,650,443	$ 1,165	$ (85,989)	$ —	$ 1,565,619

December 31, 2025	Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
			($ in thousands)		
Fixed maturities:					
U.S. Governments	$ 23,716	$ 97	$ (226)	$ —	$ 23,587
U.S. States, Territories, and Political Subdivisions	19,745	111	(994)	—	18,862
Special revenue excluding mortgage/asset-backed securities	19,280	72	(1,887)	—	17,465
Corporate and other	606,748	9,891	(8,404)	—	608,235
Mortgage/asset-backed securities	558,116	5,922	(8,000)	—	556,038
Total available-for-sale investments	$ 1,227,605	$ 16,093	$ (19,511)	$ —	$ 1,224,187

Held-to-maturity security

As of September 30, 2026, the Company held one debt security classified as held-to-maturity, representing its investment in a floating rate senior surplus note issued by a Florida-domiciled reciprocal insurance exchange (the "Senior Surplus Note"), which the Company acquired on September 22, 2026. The Senior Surplus Note has a principal amount of $15.0 million, was purchased at a discount for $14.7 million and is scheduled to mature in September 2033. Interest, which is based on the three-month U.S. Treasury rate plus a spread that varies with the issuer's surplus note leverage, is payable semi-annually beginning December 31, 2026. The Senior Surplus Note is redeemable at the issuer's option beginning September 2027. It is unsecured and ranks junior to policyholder and other creditor claims. All payments of principal and interest on the Senior Surplus Note are subject to prior approval by the Florida Office of Insurance Regulation, and if approval is not granted, payment is deferred until approval is obtained. The Company has the intent and ability to hold the security to maturity, and it is carried at amortized cost, with the discount accreted to interest income over the contractual term on a straight-line basis, which approximates the effective interest method, net of an allowance for credit losses.

As of September 30, 2026, the Senior Surplus Note had a carrying amount of $14.7 million and an estimated fair value that approximated its carrying amount. The carrying amount and estimated fair value of the Senior Surplus Note are both classified in the after five years through ten years maturity grouping, based on its contractual maturity of September 2033. See Note 4 for further discussion of the fair value measurement and its categorization within Level 3 of the fair value hierarchy.

The Company evaluates expected credit losses on its held-to-maturity security based on an assessment of the issuer's credit quality, including statutory capital and surplus, senior surplus note leverage, operating performance, reinsurance arrangements, regulatory developments, and other information relevant to the collectability of contractual cash flows. Based on this assessment, the Company has concluded that no allowance for credit losses was required as of September 30, 2026.

Security holdings in an unrealized loss position

As of September 30, 2026, the Company held 1,113 fixed maturity securities in an unrealized loss position with a total estimated fair value of $1.4 billion and total gross unrealized losses of $86.0 million. As of December 31, 2025, the Company held 391 fixed maturity securities in an unrealized loss position with a total estimated fair value of $375.4 million and total gross unrealized losses of $19.5 million.

The aggregate fair value and gross unrealized losses of the Company's investments aggregated by investment category and the length of time these individual securities have been in a continuous unrealized loss position as of September 30, 2026 and December 31, 2025, are as follows:

	Less Than 12 Months		More Than 12 Months		Total	
September 30, 2026	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
			($ in thousands)			
Fixed maturity securities:						
U.S. Governments	$ 25,546	$ (339)	$ 5,414	$ (229)	$ 30,960	$ (568)
U.S. States, Territories, and Political Subdivisions	4,749	(231)	11,174	(1,576)	15,923	(1,807)
Special revenue excluding mortgage/asset-backed securities	3,663	(271)	13,449	(2,627)	17,112	(2,898)
Corporate and other	601,336	(33,572)	127,503	(13,312)	728,839	(46,884)
Mortgage/asset-backed securities	522,550	(22,145)	66,479	(11,687)	589,029	(33,832)
Total available-for-sale investments	$ 1,157,844	$ (56,558)	$ 224,019	$ (29,431)	$ 1,381,863	$ (85,989)

December 31, 2025	Less Than 12 Months Fair Value	Less Than 12 Months Unrealized Losses	More Than 12 Months Fair Value	More Than 12 Months Unrealized Losses	Total Fair Value	Total Unrealized Losses
	($ in thousands)					
Fixed maturity securities:						
U.S. Governments	$ 2,006	$ (38)	$ 5,704	$ (188)	$ 7,710	$ (226)
U.S. States, Territories, and Political Subdivisions	5,157	(441)	9,509	(553)	14,666	(994)
Special revenue excluding mortgage/asset-backed securities	—	—	15,185	(1,887)	15,185	(1,887)
Corporate and other	49,963	(948)	160,780	(7,456)	210,743	(8,404)
Mortgage/asset-backed securities	47,313	(406)	79,733	(7,594)	127,046	(8,000)
Total available-for-sale investments	$ 104,439	$ (1,833)	$ 270,911	$ (17,678)	$ 375,350	$ (19,511)

The Company reviews all securities with unrealized losses on a quarterly basis to assess whether the decline in the securities' fair value necessitates the recognition of an allowance for credit losses. The Company considers numerous factors in its review as described in Note 2 of the Notes to the Consolidated Financial Statements in the 2025 Annual Report on Form 10-K.

Based on the Company's review as of September 30, 2026, the Company determined that the fixed maturity securities' unrealized losses were primarily the result of the interest rate environment and not the credit quality of the issuers. The Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before the recovery of their amortized cost basis.

Contractual maturities of available-for-sale fixed maturity securities

The amortized cost and fair value of fixed maturity securities at September 30, 2026, by contractual maturity, are shown below:

	Amortized Cost	Fair Value
	($ in thousands)	
Due within one year	$ 56,013	$ 55,930
Due after one year through five years	295,592	285,306
Due after five years through ten years	342,520	323,763
Due after ten years	210,343	188,106
Mortgage and asset-backed securities	745,975	712,514
	$ 1,650,443	$ 1,565,619

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations.

Net investment income summary

Net investment income is summarized as follows:

	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
	($ in thousands)		($ in thousands)	
Interest income	$ 21,333	$ 14,515	$ 57,731	$ 39,824
Dividend income	1,539	298	3,879	857
Investment expense	(466)	(241)	(1,270)	(667)
Net investment income	$ 22,406	$ 14,572	$ 60,340	$ 40,014

Net realized and unrealized investment gains and losses

The following table presents net realized and unrealized investment gains and losses:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	($ in thousands)		($ in thousands)	
Realized gains:				
Gains on sales of fixed maturity securities	$ 134	$ 29	$ 170	$ 463
Gains on sales of equity securities	—	—	—	234
Total realized gains	134	29	170	697
Realized losses:				
Losses on sales of fixed maturity securities	(189)	(25)	(310)	(783)
Losses on sales of equity securities	(79)	—	(79)	(235)
Total realized losses	(268)	(25)	(389)	(1,018)
Net realized investment (losses) gains	(134)	4	(219)	(321)
Change in allowance for credit losses	—	—	—	244
Net unrealized (losses) gains on equity securities	(3,187)	2,862	1,072	6,190
Net unrealized gains on equity method investment	—	—	—	2,268
Net unrealized gains on other investments	629	627	1,314	1,080
Net realized and unrealized (losses) gains on investments	$ (2,692)	$ 3,493	$ 2,167	$ 9,461

Realized gains and losses on disposition of investments are based on specific identification of the investments sold on the settlement date.

Proceeds from the sale of fixed maturity securities were $19.3 million and $10.7 million for the three months ended September 30, 2026 and 2025, respectively. Proceeds from the sale of equity securities were $3.1 million and an insignificant amount for the three months ended September 30, 2026 and 2025, respectively.

Proceeds from the sale of fixed maturity securities were $67.0 million and $19.5 million for the nine months ended September 30, 2026 and 2025, respectively. Proceeds from the sale of equity securities were $3.1 million and $6.4 million for the nine months ended September 30, 2026 and 2025, respectively.

The Company places securities on statutory deposit with certain state agencies to retain the right to do business in those states. These securities are included in available-for-sale investments on the unaudited condensed consolidated balance sheets. As of September 30, 2026 and December 31, 2025, the carrying amount of securities on deposit with state regulatory authorities was $17.6 million and $13.5 million, respectively.

The Company has investments in limited partnerships, recorded in the Other investments line of the unaudited condensed consolidated balance sheets at a fair value of $45.2 million as of September 30, 2026. These investments represent capital contributions to private equity funds structured as limited partnerships, which primarily hold illiquid securities. The funds have a ten-year term with no redemption rights. Capital is contributed as called by the general partners, and distributions are received as proceeds are generated from the underlying investments. These investments are measured at estimated fair value utilizing a net asset value per share (or its equivalent) as a practical expedient. As of September 30, 2026, the Company had unfunded commitments to invest an additional $163.4 million in these limited partnerships.

3. Derivative Instruments

The Company uses commodity-based derivative instruments, specifically put options on livestock, as part of its financial risk management program to mitigate price risk associated with certain insurance contracts exposed to livestock commodity price fluctuations. As part of this program, the Company employs an economic hedging strategy using derivatives to reduce exposure to adverse livestock price movements. The notional amount of derivative contracts held and the degree of hedged exposure are actively managed and vary based on volume of the business written. The Company does not use derivatives for speculative or trading purposes. All derivative positions are intended to support the overall risk management objectives of the business. The Company has not elected hedge accounting for these derivatives.

These derivative instruments are recorded at fair value on the unaudited condensed consolidated balance sheets within “Other investments,” with changes in fair value recognized in earnings in “Losses and loss adjustment expenses.”

As of September 30, 2026, the notional amount and fair value of the Company's derivative assets were $13.0 million and $8.7 million, respectively. As of December 31, 2025, the notional amount and fair value of the Company's derivative assets were $16.4 million and $9.9 million, respectively.

For the three months ended September 30, 2026 and 2025, the Company recognized $0.3 million and an insignificant amount, respectively, of pre-tax net gains related to these derivatives, which were included in earnings within "Losses and loss adjustment expenses." For the nine months ended September 30, 2026 and 2025, the Company recognized $18.2 million and an insignificant amount, respectively, of pre-tax net losses related to these derivatives, which were included in earnings within "Losses and loss adjustment expenses."

See Note 2 to the Notes to the Consolidated Financial Statements in our 2025 Annual Report on Form 10-K for additional discussion of the Company's derivative instrument policy.

4. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1—Unadjusted quoted prices are available in active markets for identical investments as of the reporting date.

Level 2—Pricing inputs are quoted prices for similar investments in active markets; quoted prices for identical or similar investments in inactive markets; or valuations based on models where the significant inputs are observable or can be corroborated by observable market data.

Level 3—Pricing inputs into models are unobservable for the investment. The unobservable inputs require significant management judgment or estimation.

To measure fair value, the Company obtains quoted market prices for its investment securities from its outside investment managers. If a quoted market price is not available, the Company uses prices of similar securities. The fair values obtained from the outside investment managers are reviewed for reasonableness and any discrepancies are investigated for final valuation.

The fair value of the Company's investments in available-for-sale fixed maturity securities is estimated using relevant inputs, including available market information, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. An option adjusted spread model is also used to develop prepayment and interest rate scenarios. Industry standard models are used to analyze and value securities with embedded options or prepayment sensitivities. These fair value measurements are estimated based on observable, objectively verifiable market information rather than market quotes. Therefore, these investments are classified and disclosed in Level 2 of the hierarchy.

The following tables present the hierarchy for financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2026 and December 31, 2025:

September 30, 2026	Level 1	Level 2	Level 3	Total
		($ in thousands)		
Assets:				
Fixed maturity securities				
U.S. Governments	$ —	$ 31,366	$ —	$ 31,366
U.S. States, Territories, and Political Subdivisions	—	15,923	—	15,923
Special revenue excluding mortgage/asset-backed securities	—	17,112	—	17,112
Corporate and other	—	788,704	—	788,704
Mortgage/asset-backed securities	—	712,514	—	712,514
Equity securities	123,080	665	—	123,745
Cash, cash equivalents, and restricted cash	55,627	—	—	55,627
Derivative assets	8,737	—	—	8,737
Total assets	$ 187,444	$ 1,566,284	$ —	$ 1,753,728

December 31, 2025	Level 1	Level 2	Level 3	Total
		($ in thousands)		
Assets:				
Fixed maturity securities				
U.S. Governments	$ —	$ 23,587	$ —	$ 23,587
U.S. States, Territories, and Political Subdivisions	—	18,862	—	18,862
Special revenue excluding mortgage/asset-backed securities	—	17,465	—	17,465
Corporate and other	—	608,235	—	608,235
Mortgage/asset-backed securities	—	556,038	—	556,038
Equity securities	99,333	—	—	99,333
Cash, cash equivalents, and restricted cash	106,892	—	—	106,892
Derivative assets	9,934	—	—	9,934
Total assets	$ 216,159	$ 1,224,187	$ —	$ 1,440,346

The carrying amounts of financial assets and liabilities reported in the accompanying condensed consolidated balance sheet including cash and cash equivalents, restricted cash, receivables, reinsurance recoverable, and accounts payable and other accrued liabilities approximate fair value due to their short-term maturity.

The Company's derivative assets are measured at fair value in accordance with ASC 815, and are included on the unaudited condensed consolidated balance sheets within "Other investments" with any changes in fair value recorded in earnings in "Losses and loss adjustment expenses." See Note 3 for further information regarding the Company's derivative assets.

The carrying amounts of any borrowings under the Federal Home Loan Bank ("FHLB") line of credit, the U.S. Bank revolving facility (the "Revolving Facility"), and the term loan facility ("Term Loan") approximate fair value as the borrowings have variable rates that frequently reprice at market rates. The fair values of these borrowings are categorized as Level 2 within the fair value hierarchy.

The Senior Surplus Note, further described in Note 2, is carried at amortized cost and is not measured at fair value on a recurring basis and, as such, is excluded from the table above. As of September 30, 2026, the Senior Surplus Note had a carrying amount of $14.7 million and an estimated fair value that approximated its carrying amount. The estimated fair value was categorized as Level 3 within the fair value hierarchy as the Senior Surplus Note is privately placed and therefore does not have an observable market price. The Company concluded that the estimated fair value approximated carrying amount because the Senior Surplus Note was acquired on September 22, 2026, only eight days before the balance sheet date, and management did not identify any changes in market conditions, issuer credit quality, or other valuation inputs during that period that would indicate a material difference between carrying value and fair value.

Transfers between Level 3 and Level 2 securities measured at fair value on a recurring basis result from changes in the availability of observable market inputs and are recorded at the beginning of the reporting period. As of September 30, 2026 and December 31, 2025, the Company had no securities measured at fair value on a recurring basis classified as Level 3.

5. Goodwill and Intangible Assets

The following table represents a reconciliation of changes in the ending balance of each major intangible asset class:

	Goodwill	Customer Relationships and Other Intangible Assets[1]	Value of Business Acquired (VOBA)	State Licenses	Total
			($ in thousands)		
Balance at January 1, 2026	$ 30,466	$ 28,244	$ —	$ 2,344	$ 61,054
Capitalizations	105,097	61,500	26,532	5,000	198,129
Amortization	—	(9,153)	(21,604)	—	(30,757)
Balance at September 30, 2026	$ 135,563	$ 80,591	$ 4,928	$ 7,344	$ 228,426

(1) Customer relationships and other intangible assets consist of customer lists, tradenames, non-compete agreements, and renewal rights acquired in connection with the Company's business combinations. Each asset is amortized on a straight-line basis over its respective useful life.

Goodwill and customer relationships were recognized in connection with the FIA, Advanced AgProtection, LLC ("AAP"), and The Gray Casualty and Surety Company ("Gray Surety") acquisitions. Value of business acquired ("VOBA") was recognized in connection with the Gray Surety acquisition. State insurance licenses consist of licenses acquired at the inception of PSIC and in connection with the acquisitions of FIA and Gray Surety. No impairment of goodwill or other intangible assets was identified as of September 30, 2026.

The following table presents information of each major intangible asset class subject to amortization as of September 30, 2026:

	Customer Relationships and Other Intangible Assets	Value of Business Acquired (VOBA)	Total
		($ in thousands)	
Cost	$ 99,972	$ 26,532	$ 126,504
Accumulated amortization	(19,381)	(21,604)	(40,985)
Net carrying amount	$ 80,591	$ 4,928	$ 85,519

The estimated future amortization expense to be reported for the next five years is as follows:

	Amount
	($ in thousands)
Remainder of 2026	$ 5,847
Year ended December 31, 2027	15,015
Year ended December 31, 2028	13,045
Year ended December 31, 2029	11,038
Year ended December 31, 2030	10,822
Year ended December 31, 2031	10,564
Thereafter	19,188
Total	$ 85,519

6. Reserve for Losses and Loss Adjustment Expenses

The following table represents a reconciliation of changes in the ending reserve balances for losses and loss adjustment expenses ("LAE"):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	($ in thousands)		($ in thousands)	
Reserve for losses and LAE net of reinsurance recoverables at beginning of period	$ 420,947	$ 199,185	$ 275,959	$ 155,299
Add: Balances acquired[1]	—	—	22,178	6,788
Add: Incurred losses and LAE, net of reinsurance, related to:[2]				
Current year	147,607	78,946	358,347	174,703
Prior years	4,039	(6,134)	(20,615)	(16,964)
Total incurred	151,646	72,812	337,732	157,739
Deduct: Loss and LAE payments, net of reinsurance, related to:				
Current year	48,058	15,655	76,039	38,312
Prior years	23,972	12,629	59,267	37,801
Total payments	72,030	28,284	135,306	76,113
Reserve for losses and LAE net of reinsurance recoverables at end of period	500,563	243,713	500,563	243,713
Add: Reinsurance recoverables on unpaid losses and LAE at end of period	604,411	440,559	604,411	440,559
Reserve for losses and LAE gross of reinsurance recoverables on unpaid losses and LAE at end of period	$ 1,104,974	$ 684,272	$ 1,104,974	$ 684,272

(1) Represents amounts recognized in Reserve for losses and LAE net of reinsurance recoverables upon acquisition of Gray Surety and FIA on January 31, 2026 and January 1, 2025, respectively, in accordance with ASC 805, Business Combinations. See Note 23 of the Notes to the Consolidated Financial Statements in our 2025 Annual Report on Form 10-K and Note 14 of this Quarterly Report on Form 10-Q for additional information regarding the acquisitions.

(2) Losses for the three months ended September 30, 2026 and 2025 include $0.3 million and an insignificant amount, respectively, of gains on derivative instruments. Losses for the nine months ended September 30, 2026 and 2025 include $18.2 million and an insignificant amount, respectively, of losses on derivative instruments.

Considerable variability is inherent in the estimate of the reserve for losses and LAE. Although management believes the liability recorded for losses and LAE is adequate, the variability inherent in this estimate could result in changes to the ultimate liability, which may be material to stockholders' equity.

The Company experienced adverse prior year development of $4.0 million and favorable prior year development of $6.1 million during the three months ended September 30, 2026 and 2025, respectively.

The Company experienced favorable prior year development of $20.6 million and $17.0 million during the nine months ended September 30, 2026 and 2025, respectively.

Adverse prior year development during the three months ended September 30, 2026 was primarily due to higher than anticipated severity of attritional losses, primarily related to Crop losses reallocated between calendar years. Favorable prior year development during the three months ended September 30, 2025 was primarily due to lower than anticipated severity of attritional losses.

Favorable prior year development during the nine months ended September 30, 2026 was primarily due to lower than anticipated severity of attritional losses. Favorable prior year development during the nine months ended September 30, 2025 was primarily due to lower than anticipated severity of attritional losses.

7. Stockholders' Equity

As of September 30, 2026 and December 31, 2025, the Company had 5,000,000 preferred shares authorized with a par value of $0.0001 and no preferred shares issued and outstanding. As of September 30, 2026 and December 31, 2025, the Company had

500,000,000 common shares authorized and 26,290,067 and 26,520,417 common shares issued and outstanding, respectively, with a par value of $0.0001. Additional paid-in capital was $553.6 million as of September 30, 2026 and $523.2 million as of December 31, 2025.

Common stock reserved for future issuance

Common stock reserved for future issuance consists of the following as of September 30, 2026:

Stock options outstanding under 2019 Equity Incentive Plan	448,532
Restricted stock units outstanding under 2019 Equity Incentive Plan	324,688
Performance stock units outstanding under 2019 Equity Incentive Plan, at target	431,265
Shares authorized for future issuance under 2019 Equity Incentive Plan	4,654,538
Shares authorized for future issuance under 2019 Employee Stock Purchase Plan	1,805,905
Total	7,664,928

Stock based compensation

The following table summarizes the Company's stock-based compensation expense for each period presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	($ in thousands)		($ in thousands)	
Stock-based compensation	$ 7,022	$ 5,379	$ 23,246	$ 15,471

Stock-based compensation expense is recognized on a straight-line basis over the vesting period of equity-based awards. For performance stock units ("PSUs"), any changes to expense resulting from differences in actual performance versus target are recognized over the remaining vesting period of the awards. The Company does not apply a forfeiture rate to unvested awards and accounts for forfeitures as they occur. All stock-based compensation is included in other underwriting expenses in the Company's unaudited condensed consolidated statement of income and comprehensive income.

2019 Equity Incentive Plan

On April 16, 2019, the Company's 2019 Equity Incentive Plan (the "2019 Plan") became effective. The 2019 Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance shares and units, and other cash-based or share-based awards. In addition, the 2019 Plan contains a mechanism through which the Company may adopt a deferred compensation arrangement in the future.

A total of 2,400,000 shares of common stock were initially authorized and reserved for issuance under the 2019 Plan. This reserve increases on January 1 of each year through 2029 by an amount equal to the smaller of: 3% of the number of shares of common stock issued and outstanding on the immediately preceding December 31, or an amount determined by the Board of Directors.

Stock Options

Recipients of stock options can purchase shares of the Company's common stock at a price equal to the common stock's fair market value on the grant date, determined by the closing price of the Company's common stock on the grant date. Stock options vest over a period between two and four years with between 25% and 50% vesting on the first anniversary of the grant date and the remainder vesting monthly over the remaining period, subject to continued service to the Company. Stock options expire ten years after the grant date.

The following table summarizes stock option transactions for the nine months ended September 30, 2026:

	Number of shares	Weighted-average exercise price	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value ($ in thousands)
Outstanding at January 1, 2026	499,676	$ 32.15	3.9	$ 51,273
Options granted	—	—		
Options exercised	(50,653)	42.07		
Options cancelled	(491)	61.72		
Outstanding at September 30, 2026	448,532	$ 30.99	3.1	$ 41,397
Vested and Exercisable at September 30, 2026	448,532	$ 30.99	3.1	$ 41,397

As of September 30, 2026, the Company had no unrecognized stock-based compensation expense related to stock options.

Restricted Stock Units

RSUs are valued using the closing price of the Company's common stock on their grant date. The Company has issued RSUs with vesting periods of one to five years. Vesting is generally subject to continued service with the Company; however, certain employees who meet the requirements of the Company's Equity Award Retirement Policy may continue to vest their RSUs following a qualified retirement.

The following table summarizes RSU transactions for the nine months ended September 30, 2026:

	Number of shares	Weighted-average grant date fair value
Outstanding at January 1, 2026	296,285	$ 89.73
Granted	194,866	120.61
Released	(152,249)	80.97
Forfeited	(14,214)	104.11
Non-vested outstanding at September 30, 2026	324,688	$ 111.75

As of September 30, 2026, the Company had approximately $27.0 million of total unrecognized stock-based compensation expense related to RSUs expected to be recognized over a weighted-average period of 1.8 years.

Performance Stock Units

The Company issues PSUs with a combination of service, performance, and market conditions.

The majority of PSUs were issued via grants made to certain executives during 2021 and are earned based on the achievement of stock price milestones. If the Company's stock price reaches and remains at certain milestones for 30 days, the PSUs shall become earned units and will vest upon completion of a requisite service period of approximately five years from the date of grant. As of September 30, 2026, four stock price milestones have been achieved with respect to the PSU award granted to the Chief Executive Officer. Additionally, two stock price milestones have been achieved with respect to each of the PSU awards granted to four other executives. These PSUs have been earned, but will not vest until the fifth anniversary of the grant date, subject to continued service.

For other PSUs outstanding, vesting of PSUs requires a period of future service and the number of shares that vest depends on performance relative to predetermined targets of the Company's gross written premiums and adjusted return on equity as set by the Compensation Committee. The PSUs' performance period is primarily a three-year period beginning with the grant date. At the end of the performance period, the actual results are measured against the predetermined targets to determine the number of PSUs to be earned as compensation. The earned PSUs are also subject to a required service period of approximately three years from the grant date before vesting and being issued as common stock.

Effective starting with 2025 grants, PSUs issued to executives include a relative total shareholder return ("RTSR") modifier. The RTSR modifier adjusts PSU payouts up or down based on the Company's shareholder return relative to the S&P 1500 Property &

Casualty Insurance Index (the "Index") over a three-year measurement period. These PSUs were valued using a Monte Carlo simulation with key valuation assumptions as follows:

	2026 Awards	2025 Awards
Term	2.9 years	2.9 years
Risk-free interest rate[1]	3.62%	4.22%
Volatility[2]	38.72%	45.00%
Weighted average fair value[3]	$ 125.79	$ 116.50

(1) The risk-free interest rate was based on the zero-coupon U.S. Treasury yield curve on the valuation date, with a maturity matched to the performance period.
(2) Volatility is derived from historical stock prices as well as implied volatility when appropriate and available.
(3) The weighted average of fair values used to record compensation expense as determined by the Monte Carlo simulation.

The following table summarizes PSU transactions for the nine months ended September 30, 2026:

	Number of shares	Weighted-average grant date fair value
Outstanding at January 1, 2026	502,022	$ 49.05
Granted	120,375	105.64
Vested	(180,383)	39.27
Forfeited	(10,749)	106.67
Non-vested outstanding at September 30, 2026	431,265	$ 67.50

The PSU grants above represent the number of shares that would vest based on achievement of all stock price milestones in the 2021 executive stock grants and the 100% achievement of the predetermined performance conditions for the other PSU grants. The actual number of PSUs which will vest is subject to adjustment based on the Company's actual stock price performance and financial performance relative to the predetermined targets. As of September 30, 2026, the Company had approximately $14.2 million of total unrecognized stock-based compensation expense related to PSUs expected to be recognized over a weighted-average period of 1.0 years.

2019 Employee Stock Purchase Plan

On April 16, 2019, the Company's 2019 Employee Stock Purchase Plan (the "2019 ESPP") became effective. A total of 240,000 shares of common stock were initially authorized and reserved for issuance under the 2019 ESPP. In addition, the 2019 ESPP provides for annual increases in the number of shares available for issuance on January 1 of each year through 2029, equal to the smaller of 240,000 shares of the Company's common stock or such other amount as may be determined by the Board of Directors.

Under the 2019 ESPP, employees can purchase Company stock at a discount via payroll withholdings. The 2019 ESPP is administered through employee participation in discrete offering periods. During each discrete offering period employee funds are withheld, and the stock purchase occurs upon the conclusion of the offering period. The Company issued 15,339 shares pursuant to the ESPP during the nine months ended September 30, 2026.

Share repurchases

In July 2025, the Company's Board of Directors approved a share repurchase program, (the "2025 Repurchase Program") authorizing the repurchase of up to $150 million of outstanding shares of common stock through July 31, 2027. On April 30, 2026, the Company's Board of Directors approved a share repurchase program, effective May 6, 2026, (the "2026 Repurchase Program") which replaces the 2025 Repurchase Program, and authorizes the repurchase of up to $200 million of our outstanding common stock through May 6, 2028.

During the nine months ended September 30, 2026, the Company repurchased 226,130 shares for $27.3 million at an average price of $120.65 per share under the 2025 Repurchase Program, and 402,844 shares for $45.7 million at an average price of $113.44 per share under the 2026 Repurchase Program. Approximately $154.3 million remains available for future repurchases under the 2026 Repurchase Program. The Company accounts for share repurchases by charging the excess of repurchase price over the common stock's par value entirely to retained earnings. All repurchased shares are retired and become authorized but unissued shares.

Dividends

On July 30, 2026, the Company's Board of Directors declared a quarterly cash dividend of $0.45 per share of common stock, payable to stockholders of record as of August 19, 2026, and paid on September 2, 2026.

Holders of unvested RSUs and PSUs are entitled to dividend equivalents on the same per-share basis as dividends declared on the Company's common stock. Dividend equivalents accrue when dividends are declared and are paid only if and when the underlying RSUs or PSUs vest; dividend equivalents related to any RSUs or PSUs that are forfeited are also forfeited. Dividends and dividend equivalents declared during the three and nine months ended September 30, 2026 were $12.2 million, of which $11.8 million was paid in cash to holders of common stock and $0.4 million represents dividend equivalents accrued on unvested RSUs and PSUs. These amounts are reflected within retained earnings in the Company's unaudited condensed consolidated statement of changes in stockholders' equity.

8. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive income (loss) ("AOCI") are as follows:

	Nine Months Ended September 30,	
	2026	2025
	($ in thousands)	
Beginning Balance	$ (2,506)	$ (26,845)
Other comprehensive (loss) income before reclassification	(81,505)	28,478
Federal income tax benefit (expense)	17,635	(5,922)
Other comprehensive (loss) income before reclassification, net of tax	(63,870)	22,556
Amounts reclassified from AOCI	140	249
Federal income tax expense	(30)	(52)
Amounts reclassified from AOCI, net of tax	110	197
Other comprehensive (loss) income	(63,760)	22,753
Balance at end of period	$ (66,266)	$ (4,092)

9. Underwriting Information

The Company has a single reportable segment and offers specialty insurance products. Gross written premiums ("GWP") by product are presented below:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026		2025		2026		2025	
	($ in thousands)				($ in thousands)			
	Amount	% of GWP	Amount	% of GWP	Amount	% of GWP	Amount	% of GWP
Product[1]								
Crop	$ 226,668	29.6%	$ 119,757	20.1%	$ 391,810	19.3%	$ 207,440	13.5%
Casualty	176,784	23.0%	170,994	28.6%	580,576	28.7%	448,484	29.2%
Inland Marine and Property	160,706	21.0%	141,739	23.7%	496,998	24.5%	408,105	26.6%
Earthquake	154,478	20.1%	149,940	25.1%	438,442	21.6%	431,345	28.1%
Surety & Credit	48,410	6.3%	14,741	2.5%	119,504	5.9%	40,249	2.6%
Total gross written premiums	$ 767,046	100.0%	$ 597,171	100.0%	$ 2,027,330	100.0%	$ 1,535,623	100.0%

(1) Beginning in 2026, the Company has updated the categorization of its products to align with management's current strategy and view of the business. Prior year amounts have been reclassified for comparability purposes. The recategorization is for presentation purposes only and does not impact overall gross written premiums.

Gross written premiums by state are as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026		2025		2026		2025	
	($ in thousands)				($ in thousands)			
	Amount	% of GWP	Amount	% of GWP	Amount	% of GWP	Amount	% of GWP
State								
California	$ 175,503	22.9%	$ 168,739	28.3%	$ 498,429	24.6%	$ 472,276	30.8%
Texas	45,159	5.9%	38,609	6.5%	170,240	8.4%	119,308	7.8%
Missouri	38,019	5.0%	13,420	2.2%	57,038	2.8%	25,219	1.6%
Hawaii	31,610	4.1%	26,405	4.4%	81,714	4.0%	71,307	4.6%
Illinois	30,454	4.0%	20,911	3.5%	55,725	2.7%	39,548	2.6%
Florida	28,648	3.7%	23,770	4.0%	92,999	4.6%	66,391	4.3%
Kansas	24,476	3.2%	11,206	1.9%	45,698	2.3%	16,847	1.1%
Oklahoma	23,795	3.1%	10,587	1.8%	49,107	2.4%	16,535	1.1%
Other	369,382	48.1%	283,524	47.4%	976,380	48.2%	708,192	46.1%
Total gross written premiums	$ 767,046	100.0%	$ 597,171	100.0%	$ 2,027,330	100.0%	$ 1,535,623	100.0%

Gross written premiums by insurance subsidiary are as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026		2025		2026		2025	
	($ in thousands)				($ in thousands)			
	Amount	% of GWP	Amount	% of GWP	Amount	% of GWP	Amount	% of GWP
Subsidiary								
PSIC	$ 437,645	57.1%	$ 317,177	53.1%	$ 1,039,575	51.3%	$ 781,078	50.9%
PESIC	271,797	35.4%	252,318	42.3%	846,143	41.7%	681,048	44.4%
Laulima	28,003	3.6%	22,804	3.8%	70,080	3.5%	58,974	3.8%
PCSC	26,706	3.5%	—	—%	60,685	3.0%	—	—%
FIA	2,895	0.4%	4,872	0.8%	10,847	0.5%	14,523	0.9%
Total gross written premiums	$ 767,046	100.0%	$ 597,171	100.0%	$ 2,027,330	100.0%	$ 1,535,623	100.0%

10. Income Taxes

The Company calculates its tax provision in interim periods using its best estimate of the effective tax rate expected for the full year. For the three months ended September 30, 2026 and 2025, the Company's income tax rates of 22.9% and 23.4%, respectively, were higher than the statutory rate of 21% due primarily to non-deductible executive compensation expense.

For the nine months ended September 30, 2026 and 2025, the Company's income tax rates of 22.7% and 22.0%, respectively, were higher than the statutory rate of 21% due primarily to non-deductible executive compensation expense.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted into law. The OBBBA extends or makes permanent various tax provisions that were originally enacted in the 2017 Tax Cuts and Jobs Act and were set to expire at the end of 2025. The Company does not expect the enactment of OBBBA to materially impact the Company's overall income tax expense.

11. Earnings Per Share

The following table sets out earnings per share of common stock:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in thousands, except shares and per share data)		(in thousands, except shares and per share data)	
Net income	$ 65,335	$ 51,455	$ 160,874	$ 140,905
Weighted average common shares outstanding:				
Basic	26,308,497	26,637,592	26,408,217	26,683,856
Common Share equivalents	687,077	808,927	735,161	849,677
Diluted	26,995,574	27,446,519	27,143,378	27,533,533
Earnings per share:				
Basic	$ 2.48	$ 1.93	$ 6.09	$ 5.28
Diluted	$ 2.42	$ 1.87	$ 5.93	$ 5.12

Common share equivalents relate primarily to outstanding stock options, RSUs and PSUs under the 2019 Plan and unpurchased shares under the 2019 ESPP and are calculated using the treasury stock method.

12. Reinsurance

The Company utilizes reinsurance in order to limit its exposure to losses and enable it to underwrite policies with sufficient limits to meet policyholder needs. The Company utilizes both excess of loss (XOL) and quota share reinsurance.

As of September 30, 2026, the Company's catastrophe event retention is $20.0 million for earthquake events and $11.0 million for continental hurricane events and all other perils. Laulima maintains Hawaii hurricane reinsurance coverage through a standalone XOL treaty, which provides per-occurrence coverage up to $865.0 million with a retention of $1.5 million. As of September 30, 2026, the Company's XOL reinsurance structure provides protection up to $3.9 billion for earthquake events and $135.0 million for continental U.S. hurricane events.

In addition to reinsurance purchased from traditional reinsurers, the Company utilizes collateralized protection from the insurance-linked securities market through catastrophe bonds issued via Torrey Pines Re Ltd., a Bermuda-domiciled special purpose insurer. The Company closed a $360 million catastrophe bond in the second quarter of 2026, effective June 1, 2026 through June 1, 2029; a $525 million catastrophe bond in the second quarter of 2025, effective June 1, 2025 through June 1, 2028; a $420 million catastrophe bond in the second quarter of 2024, effective June 1, 2024 through June 1, 2027; and a $200 million catastrophe bond in the second quarter of 2023, effective June 1, 2023 through June 1, 2026. These catastrophe bonds provide indemnity-based reinsurance coverage for catastrophe events.

13. Credit Agreements

U.S. Bank Credit Agreement

In December 2021, the Company entered into a credit agreement with U.S. Bank National Association (the "2021 Credit Agreement"), which provided a revolving credit facility of up to $100 million through December 8, 2026. In January 2026, the Company entered into a new credit agreement (the "2026 Credit Agreement") that replaced the 2021 Credit Agreement.

The 2026 Credit Agreement provides for unsecured credit facilities totaling $450 million, comprised of a $150 million revolving facility (the "Revolving Facility") and a $300 million term loan (the "Term Loan"), each maturing on January 27, 2031. Borrowings under the 2026 Credit Agreement bear interest at variable rates based on Term Secured Overnight Financing Rate ("SOFR") or an alternate base rate, plus an applicable margin determined by the Company's debt-to-capital ratio (as defined in the 2026 Credit Agreement). In addition to interest on funds borrowed, the Company must pay an unused line fee of up to 0.25%, determined by the Company's debt-to-capital ratio, on any amounts not borrowed. The Term Loan amortizes quarterly, and borrowings may be prepaid in full or in part with no penalty or premium. Obligations under the 2026 Credit Agreement are guaranteed by certain of the Company's domestic subsidiaries and are unsecured, subject to a negative pledge. Proceeds from the 2026 Credit Agreement may be used for general corporate purposes, including permitted acquisitions and the refinancing of existing indebtedness.

The 2026 Credit Agreement contains customary representations, warranties, and affirmative and negative covenants, including, among other things, financial covenants, restrictions on indebtedness, liens, investments, mergers, dispositions, prepayment

of other indebtedness, dividends, and other distributions. The financial covenants include requirements to maintain a permissible debt to capital ratio, a minimum consolidated net worth, a minimum risk-based capital ratio and minimum A.M. Best financial strength rating. The 2026 Credit Agreement also contains customary events of default, such as non-compliance with financial covenants. If an event of default occurs, any debt may be declared immediately due and payable. As of September 30, 2026, the Company was in compliance with all debt covenants.

As of September 30, 2026, the Company had $294.0 million outstanding on its Term Loan, net of debt issuance costs. Interest expense on the Term Loan was $4.1 million and $11.0 million for the three and nine months ended September 30, 2026, respectively.

As of September 30, 2026 and December 31, 2025, the Company had no borrowings outstanding on the 2021 Credit Agreement. Interest expense on the 2021 Credit Agreement was insignificant for the three and nine months ended September 30, 2026. Interest expense on the 2021 Credit Agreement was $0.1 million and $0.3 million for the three and nine months ended September 30, 2025, respectively.

As of September 30, 2026, the Company had no borrowings outstanding on the Revolving Facility. Interest expense on the Revolving Facility was $0.1 million and $0.3 million for the three and nine months ended September 30, 2026, respectively.

FHLB Line of Credit

The Company's PSIC subsidiary is a member of the Federal Home Loan Bank of San Francisco ("FHLB"). Membership in the FHLB provides PSIC access to collateralized advances, which can be drawn for general corporate purposes and used to enhance liquidity management. All borrowings are fully secured by a pledge of specific investment securities of PSIC and the borrowing capacity is equal to 10% of PSIC's statutory admitted assets. All advances have a predetermined term and the interest rate varies based on the term of the advance.

As of September 30, 2026, the Company had $21.0 million outstanding through the FHLB at the overnight rate of 4.36%. The Company had no borrowings outstanding through the FHLB as of December 31, 2025. Interest expense on the FHLB line of credit was $0.9 million and $1.4 million for the three and nine months ended September 30, 2026, respectively. Interest expense on the FHLB line of credit was insignificant for the three and nine months ended September 30, 2025.

14. Business Acquisitions

On January 31, 2026, the Company completed the acquisition of 100% of the issued and outstanding equity interests of Gray Surety for aggregate consideration of approximately $314.0 million. The acquisition was funded with proceeds from the Term Loan (as defined in Note 13) and cash on hand and was completed to expand the Company's surety platform. The Company subsequently renamed Gray Surety to Palomar Casualty and Surety Company ("PCSC").

The acquisition has been accounted for as a business combination in accordance with Accounting Standards Codification ("ASC") 805, Business Combinations and ASC 944 Financial Services - Insurance. The allocation of the purchase price to the assets acquired and liabilities assumed remains preliminary and subject to adjustment during the measurement period, which will not exceed one year from the acquisition date. The results of operations of Gray Surety have been included in the Company's condensed consolidated financial statements since the January 31, 2026 acquisition date. For the three and nine months ended September 30, 2026, PCSC contributed revenue of $22.3 million and $55.9 million, respectively, and net loss of $0.5 million and $6.3 million, respectively.

During the three months ended June 30, 2026, the Company recorded measurement-period adjustments primarily related to the valuation of customer relationships, a non-compete agreement and VOBA. These adjustments increased customer relationship intangible assets by $15.6 million, resulted in the recognition of a non-compete intangible asset of $0.7 million, increased VOBA by $3.5 million, increased the deferred tax liability by $3.6 million and decreased goodwill by $16.1 million.

As a result of these measurement-period adjustments, during the three months ended June 30, 2026, the Company recognized $1.4 million of additional amortization expense related to amounts that would have been recognized during the three months ended March 31, 2026, including $1.2 million within Other underwriting expenses and $0.2 million within Acquisition expenses.

The Company recognized $7.4 million of acquisition-related expenses associated with the Gray Surety acquisition for the nine months ended September 30, 2026, and insignificant acquisition-related expenses for the three months ended September 30, 2026. These expenses were recognized within Other underwriting expenses in the condensed consolidated statements of income and comprehensive income and primarily consisted of advisory, legal, accounting, valuation, and other due diligence costs.

The following table summarizes the allocation of the purchase price to the fair values of the assets acquired and liabilities assumed at the date of acquisition:

	Amount ($ in thousands)
Cash and cash equivalents	$ 67,683
Investments	113,149
Receivables (premiums and investment income)	14,520
Reinsurance recoverable	5,652
Intangible assets	66,500
VOBA	26,532
Other assets	1,350
Total assets	295,386
Accounts payable and other accrued liabilities	11,088
Reserve for losses and loss adjustment expenses	22,178
Unearned premiums	33,730
Income taxes payable	829
Deferred tax liability	18,655
Net assets acquired	208,906
Goodwill	$ 105,097

Intangible assets were comprised of the following:

	Amount ($ in thousands)	Useful Life	Amortization	Valuation Approach
Customer relationships	$ 60,800	8 years	Straight-line	Multi-period excess earnings method
Non-compete agreements	700	5 years	Straight-line	With-and-without method
State licenses	5,000	Indefinite	Not amortized	Multi-period excess earnings method
Total intangible assets	$ 66,500			

The table above excludes VOBA, which is presented separately in the purchase price allocation due to its insurance-specific nature and amortization pattern. In connection with the acquisition, the Company recognized VOBA in accordance with ASC 944-805-30-1. Upon acquisition, the Company acquired the contractual insurance and reinsurance assets of Gray Surety, including existing deferred acquisition costs. These deferred acquisition costs were derecognized, as they represent historical costs of the acquiree, and the Company recognized the fair value of the in-force insurance contracts, including a VOBA component representing the present value of future underwriting profits. This component was determined using an income approach based on expected future cash flows discounted at a weighted-average cost of capital.

The Company recognized total VOBA of approximately $26.5 million, which is recorded within intangible assets and represents the present value of future underwriting profits associated with the acquired in-force policies.

VOBA is amortized over the expected remaining lives of the underlying policies in proportion to the estimated earning pattern of the related unearned premiums as of the acquisition date. VOBA balances are subject to recoverability testing. No impairment was identified as of September 30, 2026.

Goodwill of $105.1 million represents the excess of consideration transferred over the fair value of the net identifiable assets acquired. Goodwill reflects the expected synergies from combining Gray Surety’s surety and bond platform with the Company’s specialty insurance operations, including expanded distribution relationships, cross-selling opportunities, and operational efficiencies. Goodwill is not deductible for income tax purposes.

The following unaudited pro forma financial information presents the combined results of operations of the Company and Gray Surety as if the acquisition had occurred on January 1, 2025. The unaudited pro forma financial information is presented for informational purposes only and is not necessarily indicative of the results that would have occurred had the acquisition been completed on January 1, 2025, nor does it purport to project the future results of operations of the combined company. Significant pro forma adjustments include amortization of VOBA, acquisition-related financing costs, transactions costs, and related income tax effects. The pro forma results reflect the revised provisional purchase-price allocation and related amortization as of September 30,

2026.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Unaudited, $ in thousands)		(Unaudited, $ in thousands)	
Pro forma revenue	$ 386,590	$ 267,976	$ 986,835	$ 685,165
Pro forma net income	65,342	49,774	166,487	130,505

15. Subsequent Events

On October 29, 2026, the Company's Board of Directors declared a cash dividend of $0.45 per share of common stock, payable on December 2, 2026 to stockholders of record as of November 17, 2026.

Dividend equivalents of $0.45 per unit were also accrued for holders of unvested PSUs and RSUs as of the same record date. Dividend equivalents accrued on PSUs and RSUs will be paid upon the awards vesting and forfeited if the underlying awards do not vest.

Based on the number of shares of common stock outstanding and the number of unvested PSUs and RSUs as of September 30, 2026, the Company estimates the aggregate dividend payment will be approximately $12.2 million, although the actual aggregate amount will depend on the number of shares of common stock outstanding as of the record date.

This dividend was not recognized in the Company's condensed consolidated financial statements as of September 30, 2026, because the obligation to pay the dividend did not exist as of the balance sheet date.

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

Forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 appear throughout this report. These forward-looking statements generally include words such as "expect," "predict," "estimate," "will," "should," "anticipate," "believe" and similar expressions. Forward-looking statements are based on assumptions that are, in turn, based on information available and internal estimates and analyses of general economic conditions, competitive factors, conditions specific to the property and casualty insurance and reinsurance industries, claims development and the impact thereof on our loss reserves, the adequacy and financial security of our reinsurance programs, developments in the securities market and the impact on our investment portfolio, regulatory changes and conditions and other factors. These assumptions are subject to various risks, uncertainties and other factors, including, without limitation those set forth in "Item 1A. Risk Factors" within the Annual Report on Form 10-K for the year ended December 31, 2025 and Part II, Item 1A. "Risk Factors" of this Quarterly report on Form 10-Q. Actual results could differ materially from those expressed in, or implied by, these forward-looking statements. Forward-looking statements reflect the Company's expectations, plans or forecasts of future events and views as of the date of this report. While the Company may elect to update these forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so. You should review the various risks, uncertainties and other factors listed from time to time in our Securities and Exchange Commission filings.

The results of operations for the nine months ended September 30, 2026 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2026, or for any other future period. The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in Part I, Item 1 of this Quarterly Report, and in conjunction with our audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K as filed with the SEC on February 24, 2026.

References to the "Company," "Palomar," "we," "us," and "our" are to Palomar Holdings, Inc. and its subsidiaries, unless the context otherwise requires.

Overview

We are a specialty insurance company that provides property and casualty insurance products to individuals and businesses. We use our underwriting and analytical expertise to provide innovative solutions in five product categories: Earthquake, Inland Marine and Property, Casualty, Crop, and Surety & Credit. We use proprietary data analytics and a modern technology platform to offer our customers flexible products with customized and granular pricing for both the admitted and excess and surplus lines ("E&S") markets. Our insurance company subsidiaries, Palomar Specialty Insurance Company ("PSIC"), Palomar Excess and Surplus Insurance Company ("PESIC"), First Indemnity of America Insurance Co. ("FIA"), and Palomar Specialty Reinsurance Company Bermuda Ltd. ("PSRE") carry an "A" (Excellent) rating from A.M. Best Company ("A.M. Best"), a leading rating agency for the insurance industry. Palomar Casualty and Surety Company ("PCSC") carries an "A-" (Excellent) rating from A.M. Best.

We distribute our products through multiple channels, including retail agents, program administrators, wholesale brokers, and partnerships with other insurance companies. Our business strategy is supported by a comprehensive risk transfer program with reinsurance coverage that we believe reduces earnings volatility and provides appropriate levels of protection from catastrophic events. Our management team combines decades of insurance industry experience across specialty underwriting, reinsurance, program administration, distribution, and analytics.

Founded in 2014, we have significantly grown our business and have generated attractive returns. We have increased gross written premiums from $16.6 million in our first year of operations to $2.0 billion for the year ended December 31, 2025, which reflects a compound annual growth rate of approximately 55%. We have also been profitable since 2016 and our net income growth since 2016 reflects a compound annual growth rate of 46%.

We seek to continuously grow our income by developing product offerings for lines of business that harness our core competencies and where we believe we can generate attractive risk adjusted returns. In recent years, we have introduced several new products including Crop, E&S Casualty, Surety and Environmental Liability. These new products diversify our book of business and broaden our product portfolio. We believe that our market opportunity, distinctive products, and differentiated business model position us to grow our business profitably.

Components of Our Results of Operations

Gross Written Premiums

Gross written premiums are the amounts received or to be received for insurance policies written or assumed by us during a specific period of time without reduction for policy acquisition costs, reinsurance costs or other deductions. The volume of our gross written premiums in any given period is generally influenced by:

- Volume of new business submissions in existing products or partnerships;
- Binding of new business submissions in existing products or partnerships into policies;
- Entrance into new partnerships or the offering of new types of insurance products;
- Exits from existing partnerships or reducing or ceasing to offer existing insurance products;
- Renewal rates of existing policies; and
- Average size and premium rate of bound policies.

Our gross written premiums are also impacted when we assume unearned in-force premiums due to new partnerships or other business reasons. In periods where we assume a large volume of unearned premiums, our gross written premiums may increase significantly compared to prior periods and the increase may not be indicative of future trends. The majority of our Crop written premiums are recognized in the third quarter, as we receive the requisite reporting from insureds at that time. This pattern reflects the seasonal nature of the Crop business, which typically results in a disproportionate amount of Crop premiums being recognized in the third quarter. As such, our interim results may not be indicative of full-year performance.

Ceded Written Premiums

Ceded written premiums are the amount of gross written premiums ceded to reinsurers. We enter into reinsurance contracts to limit our exposure to potential losses and to provide additional capacity for growth. We cede premiums through excess of loss ("XOL") agreements, quota share agreements, and fronting agreements. Ceded written premiums are earned pro-rata over the period of risk covered. The volume of our ceded written premiums is impacted by the amount of our gross written premiums and our decisions to increase or decrease limits or retention levels in our XOL agreements and co-participation levels in our quota share agreements. The volume of ceded written premiums is also impacted by the amount of premium we write under fronting agreements.

Our ceded written premiums can be impacted significantly in certain periods due to changes in quota share agreements. In periods where we modify a quota share agreement, ceded written premiums may increase or decrease significantly compared to prior periods and these fluctuations may not be indicative of future trends. Our XOL costs as a percentage of gross earned premiums also may vary each period due to changes in cost of XOL between contract periods, changes of premium in-force during the XOL contract period, or due to acceleration of XOL charges or the need to purchase additional XOL reinsurance due to losses.

Net Earned Premiums

Net earned premiums represent the earned portion of our gross written premiums, less the earned portion that is ceded to third-party reinsurers under our reinsurance agreements. The majority of our insurance policies have a term of one year and premiums are earned pro rata over the terms of the policies. Crop premiums are earned ratably over the risk period. The requisite reporting of Crop premiums is primarily received in the third quarter, after the start of the risk period, and earned premium is caught up to cover the period between the start of the risk period and receipt of reporting. Generally, this process results in a significant amount of the Crop earned premiums being recognized in the third quarter of each year.

Commission and Other Income

Commission and other income consist of commissions earned on policies written on behalf of third-party insurance companies where we have no exposure to the insured risk and certain fees earned in conjunction with underwriting policies. Commission and other income are earned on the effective date of the underlying policy.

Losses and Loss Adjustment Expenses

Losses and loss adjustment expenses represent the costs incurred for losses, net of any losses ceded to reinsurers. These expenses are a function of the size and term of the insurance policies we write and the loss experience associated with the underlying coverage. Certain policies we write subject us to attritional losses such as building fires or casualty claims. In addition, many of the policies we write subject us to catastrophe losses. Catastrophe losses are certain losses resulting from events involving multiple claims and policyholders, including earthquakes, hurricanes, floods, droughts, convective storms, terrorist acts or other aggregating events. Our losses and loss adjustment expenses are generally affected by:

- The occurrence, frequency, and severity of catastrophe events in the areas where we underwrite policies relating to these perils;
- The occurrence, frequency, and severity of non-catastrophe attritional losses;

- The mix of business written by us;
- The reinsurance agreements we have in place at the time of a loss;
- The geographic location and characteristics of the policies we underwrite;
- Changes in the legal or regulatory environment related to the business we write;
- Trends in legal defense costs;
- Inflation in housing and construction costs; and
- Increases in amounts awarded by courts and juries.

Losses and loss adjustment expenses are based on an actuarial analysis of the estimated losses, including losses incurred during the period and changes in estimates from prior periods. Losses and loss adjustment expenses may be paid out over multiple years.

Acquisition Expenses

Acquisition expenses are principally comprised of the commissions we pay retail agents, program administrators and wholesale brokers, net of ceding commissions and fronting fees we receive on business ceded under quota share and fronting reinsurance agreements. In addition, acquisition expenses include premium-related taxes and other fees. Acquisition expenses related to each policy we write are deferred and expensed pro rata over the term of the policy.

Other Underwriting Expenses

Other underwriting expenses represent the general and administrative expenses of our insurance operations including employee salaries and benefits, software and technology costs, office rent, stock-based compensation, licenses and fees, and professional services fees such as legal, accounting, and actuarial services.

Interest Expense

Interest expense consists of interest incurred on borrowings under our credit agreements, including the Term Loan and Revolving Facility under our 2026 Credit Agreement, and our FHLB line of credit, as well as the unused line fees and amortization of the debt issuance costs.

Net Investment Income

We earn investment income on our portfolio of invested assets. We invest primarily in investment grade fixed maturity securities, including U.S. government issues, state government issues, mortgage and asset-backed obligations, and corporate bonds with a small portion of our portfolio in equity securities, cash and cash equivalents, and other investments. The principal factors that influence net investment income are the size of our investment portfolio, the yield on that portfolio, and investment management expenses. As measured by amortized cost, which excludes fair value fluctuations from changes in interest rates or other factors, the size of our investment portfolio is mainly a function of our invested capital along with premium we receive from our insureds, less payments on policyholder claims and other operating expenses.

Net Realized and Unrealized Gains and Losses on Investments

Net realized and unrealized gains and losses on investments are a function of the difference between the amount received by us on the sale of a security and the security's cost-basis, mark-to-market adjustments, credit losses recognized in earnings, and unrealized gains and losses on equity securities and equity method investments. Unrealized gains and losses on available-for-sale fixed maturity securities are recognized as a component of other comprehensive income and do not impact our net income.

Income Tax Expense

Currently our income tax expense consists mainly of federal income taxes imposed on our operations. Our effective tax rates are dependent upon the components of pretax earnings and the related tax effects.

Key Financial and Operating Metrics

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

Underwriting revenue is a non-GAAP financial measure defined as total revenue, excluding net investment income and net realized and unrealized gains and losses on investments. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of total revenue calculated in accordance with GAAP to underwriting revenue.

Underwriting income is a non-GAAP financial measure defined as income before income taxes excluding net investment income, net realized and unrealized gains and losses on investments, and interest expense. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of income before income taxes calculated in accordance with GAAP to underwriting income.

Adjusted net income is a non-GAAP financial measure defined as net income excluding the impact of certain items that may not be indicative of underlying business trends, operating results, or future outlook, net of tax impact. We calculate the tax impact only on adjustments which would be included in calculating our income tax expense using the estimated tax rate at which we received a deduction for these adjustments. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of net income calculated in accordance with GAAP to adjusted net income.

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

Annualized adjusted return on equity is a non-GAAP financial measure defined as adjusted net income expressed on an annualized basis as a percentage of average beginning and ending stockholders' equity during the period. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of return on equity calculated using unadjusted GAAP numbers to adjusted return on equity.

Loss ratio, expressed as a percentage, is the ratio of losses and loss adjustment expenses, to net earned premiums.

Expense ratio, expressed as a percentage, is the ratio of acquisition and other underwriting expenses, net of commission and other income to net earned premiums.

Combined ratio is defined as the sum of the loss ratio and the expense ratio. A combined ratio under 100% generally indicates an underwriting profit. A combined ratio over 100% generally indicates an underwriting loss.

Adjusted combined ratio is a non-GAAP financial measure defined as the sum of the loss ratio and the expense ratio calculated excluding the impact of certain items that may not be indicative of underlying business trends, operating results, or future outlook. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of combined ratio calculated using unadjusted GAAP numbers to adjusted combined ratio.

Diluted adjusted earnings per share is a non-GAAP financial measure defined as adjusted net income divided by the weighted-average common shares outstanding for the period, reflecting the dilution which could occur if equity-based awards are converted into common share equivalents as calculated using the treasury stock method. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of diluted earnings per share calculated in accordance with GAAP to diluted adjusted earnings per share.

Catastrophe loss ratio is a non-GAAP financial measure defined as the ratio of catastrophe losses to net earned premiums. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of loss ratio calculated using unadjusted GAAP numbers to catastrophe loss ratio.

Adjusted combined ratio excluding catastrophe losses is a non-GAAP financial measure defined as adjusted combined ratio excluding the impact of catastrophe losses. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of combined ratio calculated using unadjusted GAAP numbers to adjusted combined ratio excluding catastrophe losses.

Adjusted underwriting income is a non-GAAP financial measure defined as underwriting income excluding the impact of certain items that may not be indicative of underlying business trends, operating results, or future outlook. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of income before income taxes calculated in accordance with GAAP to adjusted underwriting income.

Tangible stockholders' equity is a non-GAAP financial measure defined as stockholders' equity less goodwill and intangible assets. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of stockholders' equity calculated in accordance with GAAP to tangible stockholders' equity.

Results of Operations

Three months ended September 30, 2026 compared to three months ended September 30, 2025

The following table summarizes our results for the three months ended September 30, 2026 and 2025:

	Three Months Ended September 30,			
	2026	2025	Change	% Change
	(in thousands, except per share data)			
Gross written premiums	$ 767,046	$ 597,171	$ 169,875	28.4%
Ceded written premiums	(378,477)	(321,927)	(56,550)	17.6%
Net written premiums	388,569	275,244	113,325	41.2%
Net earned premiums	365,391	225,147	140,244	62.3%
Commission and other income	1,485	1,448	37	2.6%
Total underwriting revenue [1]	366,876	226,595	140,281	61.9%
Losses and loss adjustment expenses	151,646	72,812	78,834	108.3%
Acquisition expenses, net of ceding commissions and fronting fees	72,352	56,270	16,082	28.6%
Other underwriting expenses	72,722	48,306	24,416	50.5%
Underwriting income [1]	70,156	49,207	20,949	42.6%
Interest expense	(5,138)	(133)	(5,005)	NM
Net investment income	22,406	14,572	7,834	53.8%
Net realized and unrealized (losses) gains on investments	(2,692)	3,493	(6,185)	(177.1)%
Income before income taxes	84,732	67,139	17,593	26.2%
Income tax expense	19,397	15,684	3,713	23.7%
Net income	$ 65,335	$ 51,455	$ 13,880	27.0%
Adjustments:				
Net realized and unrealized losses (gains) on investments	2,692	(3,493)	6,185	(177.1)%
Expenses associated with transactions	3,133	728	2,405	NM
Stock-based compensation expense	7,022	5,379	1,643	30.5%
Amortization of intangibles	6,161	1,346	4,815	NM
Tax impact	(3,032)	(251)	(2,781)	NM
Adjusted net income [1]	$ 81,311	$ 55,164	$ 26,147	47.4%
Key Financial and Operating Metrics				
Annualized return on equity	26.6%	23.9%		
Annualized adjusted return on equity [1]	33.1%	25.6%		
Loss ratio	41.5%	32.3%		
Expense ratio	39.3%	45.8%		
Combined ratio	80.8%	78.1%		
Adjusted combined ratio [1]	76.3%	74.8%		
Diluted earnings per share	$ 2.42	$ 1.87		
Diluted adjusted earnings per share [1]	$ 3.01	$ 2.01		
Catastrophe losses	$ 4,452	$ 1,900		
Catastrophe loss ratio [1]	1.2%	0.8%		
Adjusted combined ratio excluding catastrophe losses [1]	75.1%	74.0%		
Adjusted underwriting income [1]	$ 86,472	$ 56,660	$ 29,812	52.6%
NM - not meaningful				

(1) Indicates non-GAAP financial measure; see “Reconciliation of Non-GAAP Financial Measures” for a reconciliation of the non-GAAP financial measures to their most directly comparable financial measures prepared in accordance with GAAP.

Gross Written Premiums

Gross written premiums increased $169.9 million, or 28.4%, to $767.0 million for the three months ended September 30, 2026 compared to $597.2 million for the three months ended September 30, 2025. Premium growth was primarily due to an increased volume of policies in the majority of our lines of business, particularly in our Crop and Surety & Credit lines, which was driven by new business generated with existing partners, strong premium retention rates for existing business, expansion of our distribution footprint, and new partnerships. Gross written premiums for the three months ended September 30, 2026 also include $26.7 million written by PCSC, which we acquired on January 31, 2026. The following table summarizes our gross written premiums by line of business and shows each line's percentage of total gross written premiums for each period:

	Three Months Ended September 30,					
	2026		2025			
	($ in thousands)					
	Amount	% of GWP	Amount	% of GWP	Change	% Change
Product[1]						
Crop	$ 226,668	29.6%	$ 119,757	20.1%	$ 106,911	89.3%
Casualty	176,784	23.0%	170,994	28.6%	5,790	3.4%
Inland Marine and Property	160,706	21.0%	141,739	23.7%	18,967	13.4%
Earthquake	154,478	20.1%	149,940	25.1%	4,538	3.0%
Surety & Credit	48,410	6.3%	14,741	2.5%	33,669	228.4%
Total gross written premiums	$ 767,046	100.0%	$ 597,171	100.0%	$ 169,875	28.4%

(1) Beginning in 2026, we updated the categorization of our products to align with management's current strategy and view of the business. Prior year amounts have been reclassified for comparability purposes. The recategorization is for presentation purposes only and does not impact overall gross written premiums.

The following table summarizes our gross written premiums by insurance subsidiary:

	Three Months Ended September 30,					
	2026		2025			
	($ in thousands)					
	Amount	% of GWP	Amount	% of GWP	Change	% Change
Subsidiary						
PSIC	$ 437,645	57.1%	$ 317,177	53.1%	$ 120,468	38.0%
PESIC	271,797	35.4%	252,318	42.3%	19,479	7.7%
Laulima	28,003	3.6%	22,804	3.8%	5,199	22.8%
PCSC	26,706	3.5%	—	—%	26,706	—%
FIA	2,895	0.4%	4,872	0.8%	(1,977)	(40.6)%
Total gross written premiums	$ 767,046	100.0%	$ 597,171	100.0%	$ 169,875	28.4%

Ceded Written Premiums

Ceded written premiums increased $56.6 million, or 17.6%, to $378.5 million for the three months ended September 30, 2026 from $321.9 million for the three months ended September 30, 2025. The increase in ceded written premium was primarily driven by growth in written premiums subject to quota share arrangements, such as those in Crop and Inland Marine and Property lines.

Although our volume of ceded written premiums increased, ceded written premiums as a percentage of gross written premiums decreased to 49.3% for the three months ended September 30, 2026 from 53.9% for the three months ended September 30, 2025. This percentage decrease was driven by changes in our composition of business whereby premiums written in the current period were subject to lower quota share or XOL cession percentages compared to premiums written in the prior period.

Net Written Premiums

Net written premiums increased $113.3 million, or 41.2%, to $388.6 million for the three months ended September 30, 2026 from $275.2 million for the three months ended September 30, 2025. The increase was primarily due to an increase in gross written premiums, primarily in our Crop and Surety & Credit lines, partially offset by increased ceded written premiums.

Net Earned Premiums

Net earned premiums increased $140.2 million, or 62.3%, to $365.4 million for the three months ended September 30, 2026 from $225.1 million for the three months ended September 30, 2025 due primarily to the earning of increased gross written premiums partially offset by the earning of ceded written premiums under reinsurance agreements. The following table shows the amount of premiums we earned on a gross and net basis and net earned premiums as a percentage of gross earned premiums in each period presented:

	Three Months Ended September 30,			
	2026	2025	Change	% Change
	($ in thousands)			
Gross earned premiums	$ 736,144	$ 518,783	$ 217,361	41.9%
Ceded earned premiums	(370,753)	(293,636)	(77,117)	26.3%
Net earned premiums	$ 365,391	$ 225,147	$ 140,244	62.3%
Net earned premium ratio	49.6%	43.4%		

Our net earned premium ratio increased as premiums earned in the current period were subject to lower quota share or XOL cession percentages compared to premiums earned in the prior period. This was primarily driven by our decision to retain a higher percentage of premiums on our Crop business in 2026 and lower XOL pricing versus the prior year.

Commission and Other Income

Commission and other income was materially consistent for the three months ended September 30, 2026 as compared to the three months ended September 30, 2025.

Losses and Loss Adjustment Expenses

Losses and loss adjustment expenses increased $78.8 million, or 108.3%, to $151.6 million for the three months ended September 30, 2026 from $72.8 million for the three months ended September 30, 2025. Losses and loss adjustment expenses consisted of the following elements during the respective periods:

	Three Months Ended September 30,			
	2026	2025	Change	% Change
	($ in thousands)			
Catastrophe losses	$ 4,452	$ 1,900	$ 2,552	134.3%
Non-catastrophe losses	147,194	70,912	76,282	107.6%
Total losses and loss adjustment expenses	$ 151,646	$ 72,812	$ 78,834	108.3%
Catastrophe loss ratio	1.2%	0.8%		
Non-catastrophe loss ratio	40.3%	31.5%		
Total loss ratio	41.5%	32.3%		

Catastrophe loss activity for the quarter ended September 30, 2026 was primarily related to hurricane and flood events in Hawaii and flood events in the Midwest.

Catastrophe loss activity for the quarter ended September 30, 2025 was primarily related to flood events.

Non-catastrophe losses increased for the three months ended September 30, 2026 compared to the three months ended September 30, 2025 due mainly to higher attritional losses driven by premium growth on lines of business subject to attritional losses such as Crop, Surety & Credit, and Inland Marine and Property and due to our decision to retain a higher percentage of premiums and losses on our Crop business in 2026.

Acquisition Expenses

Acquisition expenses increased $16.1 million, or 28.6%, to $72.4 million for the three months ended September 30, 2026 from $56.3 million for the three months ended September 30, 2025. The increase was primarily due to higher commissions and premium-related taxes resulting from higher gross earned premiums. Acquisition expenses as a percentage of gross earned premiums were 9.8% for the three months ended September 30, 2026 compared to 10.8% for the three months ended September 30, 2025. Acquisition expenses as a percentage of gross earned premiums decreased due to changes in the composition of our business versus the prior year.

Other Underwriting Expenses

Other underwriting expenses increased $24.4 million, or 50.5%, to $72.7 million for the three months ended September 30, 2026 from $48.3 million for the three months ended September 30, 2025. The increase was primarily due to higher payroll, technology, and stock-based compensation expenses associated with general growth, including the acquisition of Gray Surety.

Other underwriting expenses as a percentage of gross earned premiums were 9.9% for the three months ended September 30, 2026 compared to 9.3% for the three months ended September 30, 2025. Excluding the impact of expenses relating to transactions, stock-based compensation, amortization of intangibles, and expenses associated with catastrophe bonds, other underwriting expenses as a percentage of gross earned premiums were 7.7% for the three months ended September 30, 2026 compared to 7.9% for the three months ended September 30, 2025. Other underwriting expenses as a percentage of gross earned premiums fluctuates period over period based on timing of certain expenses relative to premium growth.

Net Investment Income and Net Realized and Unrealized Gains (Losses) on Investments

Net investment income increased $7.8 million, or 53.8%, to $22.4 million for the three months ended September 30, 2026 from $14.6 million for the three months ended September 30, 2025. The increase was primarily due to a higher average balance of investments during the three months ended September 30, 2026 due to the investing of cash generated from operations and higher yields on invested assets versus the prior year.

We incurred $2.7 million of net realized and unrealized losses on investments for the three months ended September 30, 2026 compared to $3.5 million of net realized and unrealized gains for the three months ended September 30, 2025. In both periods, the balance was primarily driven by unrealized losses and gains, respectively, on our equity securities. Unrealized gains and losses on available-for-sale fixed maturity securities are recognized as a component of other comprehensive income and do not impact our net income. The following table summarizes the components of our investment income for each period presented:

	Three Months Ended September 30,			
	2026	2025	Change	% Change
	($ in thousands)			
Interest income	$ 21,333	$ 14,515	$ 6,818	47.0%
Dividend income	1,539	298	1,241	NM
Investment management fees and expenses	(466)	(241)	(225)	93.4%
Net investment income	22,406	14,572	7,834	53.8%
Net realized and unrealized (losses) gains on investments	(2,692)	3,493	(6,185)	(177.1)%
Total	$ 19,714	$ 18,065	$ 1,649	9.1%

NM - not meaningful

Interest Expense

Interest expense increased $5.0 million to $5.1 million for the three months ended September 30, 2026 from $0.1 million for the three months ended September 30, 2025, primarily due to interest on the Term Loan entered into in January 2026 to fund the acquisition of Gray Surety and, to a lesser extent, borrowings under our FHLB line of credit.

Income Tax Expense

Income tax expense increased $3.7 million to $19.4 million for the three months ended September 30, 2026 from $15.7 million for the three months ended September 30, 2025 due to higher pre-tax income for the period ended September 30, 2026. For the three months ended September 30, 2026 and 2025 our income tax rates of 22.9% and 23.4%, respectively, were higher than the statutory rate of 21% due primarily to non-deductible executive compensation expense.

Results of Operations

Nine months ended September 30, 2026 compared to nine months ended September 30, 2025

The following table summarizes our results for the nine months ended September 30, 2026 and 2025:

	Nine Months Ended September 30,			
	2026	2025	Change	% Change
	(in thousands, except per share data)			
Gross written premiums	$ 2,027,330	$ 1,535,623	$ 491,707	32.0%
Ceded written premiums	(975,669)	(819,171)	(156,498)	19.1%
Net written premiums	1,051,661	716,452	335,209	46.8%
Net earned premiums	913,781	569,175	344,606	60.5%
Commission and other income	3,664	3,954	(290)	(7.3)%
Total underwriting revenue [1]	917,445	573,129	344,316	60.1%
Losses and loss adjustment expenses	337,732	157,739	179,993	114.1%
Acquisition expenses, net of ceding commissions and fronting fees	213,923	154,266	59,657	38.7%
Other underwriting expenses	207,057	129,563	77,494	59.8%
Underwriting income [1]	158,733	131,561	27,172	20.7%
Interest expense	(13,243)	(304)	(12,939)	NM
Net investment income	60,340	40,014	20,326	50.8%
Net realized and unrealized gains on investments	2,167	9,461	(7,294)	(77.1)%
Income before income taxes	207,997	180,732	27,265	15.1%
Income tax expense	47,123	39,827	7,296	18.3%
Net income	$ 160,874	$ 140,905	$ 19,969	14.2%
Adjustments:				
Net realized and unrealized gains on investments	(2,167)	(9,461)	7,294	(77.1)%
Expenses associated with transactions	10,545	3,570	6,975	195.4%
Stock-based compensation expense	23,246	15,471	7,775	50.3%
Amortization of intangibles	21,396	3,400	17,996	NM
Expenses associated with catastrophe bond	2,330	2,661	(331)	(12.4)%
Tax impact	(8,008)	(1,543)	(6,465)	NM
Adjusted net income [1]	$ 208,216	$ 155,003	$ 53,213	34.3%
Key Financial and Operating Metrics				
Annualized return on equity	22.3%	23.4%		
Annualized adjusted return on equity [1]	28.8%	25.7%		
Loss ratio	37.0%	27.7%		
Expense ratio	45.7%	49.2%		
Combined ratio	82.7%	76.9%		
Adjusted combined ratio [1]	76.3%	72.5%		
Diluted earnings per share	$ 5.93	$ 5.12		
Diluted adjusted earnings per share [1]	$ 7.67	$ 5.63		
Catastrophe losses	$ 4,302	$ 1,335		
Catastrophe loss ratio [1]	0.5%	0.2%		
Adjusted combined ratio excluding catastrophe losses [1]	75.9%	72.2%		
Adjusted underwriting income [1]	$ 216,250	$ 156,663	$ 59,587	38.0%

NM - not meaningful

(1) Indicates non-GAAP financial measure; see "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of the non-GAAP financial measures to their most directly comparable financial measures prepared in accordance with GAAP.

Gross Written Premiums

Gross written premiums increased $491.7 million, or 32.0%, to $2.0 billion for the nine months ended September 30, 2026 compared to $1.5 billion for the nine months ended September 30, 2025. Premium growth was primarily due to an increased volume of policies in the majority of our lines of business, particularly in our Crop and Casualty lines, which was driven by new business generated with existing partners, strong premium retention rates for existing business, expansion of our distribution footprint, and new

partnerships. Gross written premiums for the nine months ended September 30, 2026 also include $60.7 million written by PCSC, which we acquired on January 31, 2026. The following table summarizes our gross written premiums by line of business and shows each line's percentage of total gross written premiums for each period:

	Nine Months Ended September 30,					
	2026		2025			
	($ in thousands)					
	Amount	% of GWP	Amount	% of GWP	Change	% Change
Product[1]						
Casualty	$ 580,576	28.7%	$ 448,484	29.2%	$ 132,092	29.5%
Inland Marine and Property	496,998	24.5%	408,105	26.6%	88,893	21.8%
Earthquake	438,442	21.6%	431,345	28.1%	7,097	1.6%
Crop	391,810	19.3%	207,440	13.5%	184,370	88.9%
Surety & Credit	119,504	5.9%	40,249	2.6%	79,255	196.9%
Total gross written premiums	$ 2,027,330	100.0%	$ 1,535,623	100.0%	$ 491,707	32.0%

(1) Beginning in 2026, we updated the categorization of our products to align with management's current strategy and view of the business. Prior year amounts have been reclassified for comparability purposes. The recategorization is for presentation purposes only and does not impact overall gross written premiums.

The following table summarizes our gross written premiums by insurance subsidiary:

	Nine Months Ended September 30,					
	2026		2025			
	($ in thousands)					
	Amount	% of GWP	Amount	% of GWP	Change	% Change
Subsidiary						
PSIC	$ 1,039,575	51.3%	$ 781,078	50.9%	$ 258,497	33.1%
PESIC	846,143	41.7%	681,048	44.4%	165,095	24.2%
Laulima	70,080	3.5%	58,974	3.8%	11,106	18.8%
PCSC	60,685	3.0%	—	—%	60,685	—%
FIA	10,847	0.5%	14,523	0.9%	(3,676)	(25.3)%
Total gross written premiums	$ 2,027,330	100.0%	$ 1,535,623	100.0%	$ 491,707	32.0%

Ceded Written Premiums

Ceded written premiums increased $156.5 million, or 19.1%, to $975.7 million for the nine months ended September 30, 2026 from $819.2 million for the nine months ended September 30, 2025. The increase in ceded written premium was primarily driven by growth in written premiums subject to quota share arrangements, such as those in Crop and Casualty lines.

Although our volume of ceded written premiums increased, ceded written premiums as a percentage of gross written premiums decreased to 48.1% for the nine months ended September 30, 2026 from 53.3% for the nine months ended September 30, 2025. This percentage decrease was driven by changes in our composition of business whereby premiums written in the current period were subject to lower quota share or XOL cession percentages compared to premiums written in the prior period.

Net Written Premiums

Net written premiums increased $335.2 million, or 46.8%, to $1.1 billion for the nine months ended September 30, 2026 from $716.5 million for the nine months ended September 30, 2025. The increase was primarily due to an increase in gross written premiums, primarily in our Crop and Casualty lines, partially offset by increased ceded written premiums.

Net Earned Premiums

Net earned premiums increased $344.6 million, or 60.5%, to $913.8 million for the nine months ended September 30, 2026 from $569.2 million for the nine months ended September 30, 2025 due primarily to the earning of increased gross written premiums partially offset by the earning of ceded written premiums under reinsurance agreements. The following table shows the amount of

premiums we earned on a gross and net basis and net earned premiums as a percentage of gross earned premiums in each period presented:

	Nine Months Ended September 30,			
	2026	2025	Change	% Change
	($ in thousands)			
Gross earned premiums	$ 1,792,875	$ 1,303,323	$ 489,552	37.6%
Ceded earned premiums	(879,094)	(734,148)	(144,946)	19.7%
Net earned premiums	$ 913,781	$ 569,175	$ 344,606	60.5%
Net earned premium ratio	51.0%	43.7%		

Our net earned premium ratio increased as premiums earned in the current period were subject to lower quota share or XOL cession percentages compared to premiums earned in the prior period. This was primarily driven by our decision to retain a higher percentage of premiums on our Crop business in 2026 and lower XOL pricing versus the prior year.

Commission and Other Income

Commission and other income decreased $0.3 million to $3.7 million for the nine months ended September 30, 2026 from $4.0 million for the nine months ended September 30, 2025. The balance decreased due to the non-recurrence of a reimbursement arrangement that benefited us in the prior year.

Losses and Loss Adjustment Expenses

Losses and loss adjustment expenses increased $180.0 million, or 114.1%, to $337.7 million for the nine months ended September 30, 2026 from $157.7 million for the nine months ended September 30, 2025. Losses and loss adjustment expenses consisted of the following elements during the respective periods:

	Nine Months Ended September 30,			
	2026	2025	Change	% Change
	($ in thousands)			
Catastrophe losses	$ 4,302	$ 1,335	$ 2,967	222.2%
Non-catastrophe losses	333,430	156,404	177,026	113.2%
Total losses and loss adjustment expenses	$ 337,732	$ 157,739	$ 179,993	114.1%
Catastrophe loss ratio	0.5%	0.2%		
Non-catastrophe loss ratio	36.5%	27.5%		
Total loss ratio	37.0%	27.7%		

Catastrophe loss activity for the nine months ended September 30, 2026 was primarily related to hurricane and flood events in Hawaii and flood events in the Midwest during the third quarter, offset by favorable development on prior period catastrophe events.

Catastrophe loss activity for the nine months ended September 30, 2025 was related to flood losses in the third quarter offset by favorable development on prior period catastrophe events.

Non-catastrophe losses increased for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025 due mainly to higher attritional losses driven by premium growth on lines of business subject to attritional losses such as Casualty, Crop, and Inland Marine and Property and due to our decision to retain a higher percentage of premiums and losses on our Crop business in 2026.

Acquisition Expenses

Acquisition expenses increased $59.7 million, or 38.7%, to $213.9 million for the nine months ended September 30, 2026 from $154.3 million for the nine months ended September 30, 2025. The increase was primarily due to higher commissions and premium-related taxes resulting from higher gross earned premiums. Acquisition expenses as a percentage of gross earned premiums

were 11.9% for the nine months ended September 30, 2026 compared to 11.8% for the nine months ended September 30, 2025. Acquisition expenses as a percentage of gross earned premiums increased due to higher commissions as a percentage of gross earned premiums due to changes in the composition of our business.

Other Underwriting Expenses

Other underwriting expenses increased $77.5 million, or 59.8%, to $207.1 million for the nine months ended September 30, 2026 from $129.6 million for the nine months ended September 30, 2025. The increase was primarily due to higher payroll, technology, and stock-based compensation expenses associated with general growth, including the acquisition of Gray Surety.

Other underwriting expenses as a percentage of gross earned premiums were 11.5% for the nine months ended September 30, 2026 compared to 9.9% for the nine months ended September 30, 2025. Excluding the impact of expenses relating to transactions, stock-based compensation, amortization of intangibles, and expenses associated with catastrophe bonds, other underwriting expenses as a percentage of gross earned premiums were 8.3% for the nine months ended September 30, 2026 compared to 8.0% for the nine months ended September 30, 2025. Other underwriting expenses as a percentage of gross earned premiums fluctuates period over period based on timing of certain expenses relative to premium growth.

Net Investment Income and Net Realized and Unrealized Gains (Losses) on Investments

Net investment income increased $20.3 million, or 50.8%, to $60.3 million for the nine months ended September 30, 2026 from $40.0 million for the nine months ended September 30, 2025. The increase was primarily due to a higher average balance of investments during the nine months ended September 30, 2026 due to the investing of cash generated from operations and higher yields on invested assets versus the prior year.

We incurred $2.2 million of net realized and unrealized gains on investments for the nine months ended September 30, 2026 compared to $9.5 million of net realized and unrealized gains for the nine months ended September 30, 2025. For the nine months ended September 30, 2026, the balance was primarily driven by net unrealized gains on other investments and equity securities. For the nine months ended September 30, 2025, the balance was primarily driven by unrealized gains on our equity securities. Unrealized gains and losses on available-for-sale fixed maturity securities are recognized as a component of other comprehensive income and do not impact our net income. The following table summarizes the components of our investment income for each period presented:

	Nine Months Ended September 30,			
	2026	2025	Change	% Change
	($ in thousands)			
Interest income	$ 57,731	$ 39,824	$ 17,907	45.0%
Dividend income	3,879	857	3,022	NM
Investment management fees and expenses	(1,270)	(667)	(603)	90.4%
Net investment income	60,340	40,014	20,326	50.8%
Net realized and unrealized gains on investments	2,167	9,461	(7,294)	(77.1)%
Total	$ 62,507	$ 49,475	$ 13,032	26.3%
NM- not meaningful				

Interest Expense

Interest expense increased $12.9 million to $13.2 million for the nine months ended September 30, 2026 from $0.3 million for the nine months ended September 30, 2025, primarily due to interest on the Term Loan entered into in January 2026 to fund the acquisition of Gray Surety and, to a lesser extent, borrowings under our FHLB line of credit.

Income Tax Expense

Income tax expense increased $7.3 million to $47.1 million for the nine months ended September 30, 2026 from $39.8 million for the nine months ended September 30, 2025 due to higher pre-tax income for the period ended September 30, 2026. For the nine months ended September 30, 2026 and 2025, our income tax rates of 22.7% and 22.0%, respectively, were higher than the statutory rate of 21% due primarily to non-deductible executive compensation expense.

Reconciliation of Non-GAAP Financial Measures

Underwriting Revenue

We define underwriting revenue as total revenue excluding net investment income and net realized and unrealized gains and losses on investments. Underwriting revenue represents revenue generated by our underwriting operations and allows us to evaluate our underwriting performance without regard to investment results. We use this metric as we believe it gives our management and other users of our financial information useful insight into our underlying business performance. Underwriting revenue should not be viewed as a substitute for total revenue calculated in accordance with GAAP, and other companies may define underwriting revenue differently.

Total revenue calculated in accordance with GAAP reconciles to underwriting revenue as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	($ in thousands)		($ in thousands)	
Total revenue	$ 386,590	$ 244,660	$ 979,952	$ 622,604
Net investment income	(22,406)	(14,572)	(60,340)	(40,014)
Net realized and unrealized losses (gains) on investments	2,692	(3,493)	(2,167)	(9,461)
Underwriting revenue	$ 366,876	$ 226,595	$ 917,445	$ 573,129

Underwriting Income and Adjusted Underwriting Income

We define underwriting income as income before income taxes excluding net investment income, net realized and unrealized gains and losses on investments, and interest expense. Underwriting income represents the pre-tax profitability of our underwriting operations and allows us to evaluate our underwriting performance without regard to investment results. We use this metric as we believe it gives our management and other users of our financial information useful insight into our underlying business performance. Underwriting income should not be viewed as a substitute for pre-tax income calculated in accordance with GAAP, and other companies may define underwriting income differently.

We define adjusted underwriting income as underwriting income excluding the impact of certain items that may not be indicative of underlying business trends, operating results, or future outlook. We use this metric as we believe it gives our management and other users of our financial information useful insight into our underlying business performance. Adjusted underwriting income should not be viewed as a substitute for pre-tax income calculated in accordance with GAAP. Other companies may define adjusted underwriting income differently.

Income before income taxes calculated in accordance with GAAP reconciles to underwriting income and adjusted underwriting income as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	($ in thousands)		($ in thousands)	
Income before income taxes	$ 84,732	$ 67,139	$ 207,997	$ 180,732
Net investment income	(22,406)	(14,572)	(60,340)	(40,014)
Net realized and unrealized losses (gains) on investments	2,692	(3,493)	(2,167)	(9,461)
Interest expense	5,138	133	13,243	304
Underwriting income	$ 70,156	$ 49,207	$ 158,733	$ 131,561
Expenses associated with transactions	3,133	728	10,545	3,570
Stock-based compensation expense	7,022	5,379	23,246	15,471
Amortization of intangibles	6,161	1,346	21,396	3,400
Expenses associated with catastrophe bond	—	—	2,330	2,661
Adjusted underwriting income	$ 86,472	$ 56,660	$ 216,250	$ 156,663

Adjusted Net Income

We define adjusted net income as net income excluding the impact of certain items that may not be indicative of underlying business trends, operating results, or future outlook, net of tax impact. We calculate the tax impact only on adjustments which would be included in calculating our income tax expense using the estimated tax rate at which we received a deduction for these adjustments. We use adjusted net income as an internal performance measure in the management of our operations because we believe it gives our management and financial statement users useful insight into our results of operations and our underlying business performance. Adjusted net income does not reflect the overall profitability of our business and should not be viewed as a substitute for net income calculated in accordance with GAAP. Other companies may define adjusted net income differently.

Net income calculated in accordance with GAAP reconciles to adjusted net income as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	($ in thousands)		($ in thousands)	
Net income	$ 65,335	$ 51,455	$ 160,874	$ 140,905
Adjustments:				
Net realized and unrealized losses (gains) on investments	2,692	(3,493)	(2,167)	(9,461)
Expenses associated with transactions	3,133	728	10,545	3,570
Stock-based compensation expense	7,022	5,379	23,246	15,471
Amortization of intangibles	6,161	1,346	21,396	3,400
Expenses associated with catastrophe bond	—	—	2,330	2,661
Tax impact	(3,032)	(251)	(8,008)	(1,543)
Adjusted net income	$ 81,311	$ 55,164	$ 208,216	$ 155,003

Annualized Adjusted Return on Equity

We define annualized adjusted return on equity as adjusted net income expressed on an annualized basis as a percentage of average beginning and ending stockholders' equity during the period. We use annualized adjusted return on equity as an internal performance measure in the management of our operations because we believe it gives our management and financial statement users useful insight into our results of operations and our underlying business performance. Annualized adjusted return on equity should not be viewed as a substitute for return on equity calculated using unadjusted GAAP numbers, and other companies may define adjusted return on equity differently.

Annualized adjusted return on equity is calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	($ in thousands)		($ in thousands)	
Annualized adjusted net income	$ 325,244	$ 220,656	$ 277,621	$ 206,671
Average stockholders' equity	$ 982,957	$ 862,654	$ 963,820	$ 803,570
Annualized adjusted return on equity	33.1%	25.6%	28.8%	25.7%

Adjusted Combined Ratio

We define adjusted combined ratio as the sum of the loss ratio and the expense ratio calculated excluding the impact of certain items that may not be indicative of underlying business trends, operating results, or future outlook. We use adjusted combined ratio as an internal performance measure in the management of our operations because we believe it gives our management and financial statement users useful insight into our results of operations and our underlying business performance. Adjusted combined ratio should not be viewed as a substitute for combined ratio calculated using unadjusted GAAP numbers, and other companies may define adjusted combined ratio differently.

Adjusted combined ratio is calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	($ in thousands)		($ in thousands)	
Numerator: Sum of losses and loss adjustment expenses, acquisition expenses, and other underwriting expenses, net of commission and other income	$ 295,235	$ 175,940	$ 755,048	$ 437,614
Denominator: Net earned premiums	$ 365,391	$ 225,147	$ 913,781	$ 569,175
Combined ratio	80.8%	78.1%	82.7%	76.9%
Adjustments to numerator:				
Expenses associated with transactions	$ (3,133)	$ (728)	$ (10,545)	$ (3,570)
Stock-based compensation expense	(7,022)	(5,379)	(23,246)	(15,471)
Amortization of intangibles	(6,161)	(1,346)	(21,396)	(3,400)
Expenses associated with catastrophe bond	—	—	(2,330)	(2,661)
Adjusted combined ratio	76.3%	74.8%	76.3%	72.5%

Diluted Adjusted Earnings Per Share

We define diluted adjusted earnings per share as adjusted net income divided by the weighted-average common shares outstanding for the period, reflecting the dilution which could occur if equity-based awards are converted into common share equivalents as calculated using the treasury stock method. We use diluted adjusted earnings per share as an internal performance measure in the management of our operations because we believe it gives our management and financial statement users useful insight into our results of operations and our underlying business performance. Diluted adjusted earnings per share should not be viewed as a substitute for diluted earnings per share calculated in accordance with GAAP, and other companies may define diluted adjusted earnings per share differently.

Diluted adjusted earnings per share is calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in thousands, except per share data)		(in thousands, except per share data)	
Adjusted net income	$ 81,311	$ 55,164	$ 208,216	$ 155,003
Weighted-average common shares outstanding, diluted	26,995,574	27,446,519	27,143,378	27,533,533
Diluted adjusted earnings per share	$ 3.01	$ 2.01	$ 7.67	$ 5.63

Catastrophe Loss Ratio

Catastrophe loss ratio is defined as the ratio of catastrophe losses to net earned premiums. Although we are inherently subject to catastrophe losses, the frequency and severity of catastrophe losses is unpredictable and their impact on our operating results may vary significantly between periods and obscure other trends in our business. Therefore, we are providing this metric because we believe it gives our management and other financial statement users useful insight into our results of operations and trends in our financial performance without the volatility caused by catastrophe losses. Catastrophe loss ratio should not be viewed as a substitute for loss ratio calculated using unadjusted GAAP numbers, and other companies may define catastrophe loss ratio differently.

Loss ratio and catastrophe loss ratio are calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	($ in thousands)		($ in thousands)	
Numerator: Losses and loss adjustment expenses	$ 151,646	$ 72,812	$ 337,732	$ 157,739
Denominator: Net earned premiums	$ 365,391	$ 225,147	$ 913,781	$ 569,175
Loss ratio	41.5%	32.3%	37.0%	27.7%
Numerator: Catastrophe losses	$ 4,452	$ 1,900	$ 4,302	$ 1,335
Denominator: Net earned premiums	$ 365,391	$ 225,147	$ 913,781	$ 569,175
Catastrophe loss ratio	1.2%	0.8%	0.5%	0.2%

Adjusted Combined Ratio Excluding Catastrophe Losses

Adjusted combined ratio excluding catastrophe losses is defined as adjusted combined ratio excluding the impact of catastrophe losses. Although we are inherently subject to catastrophe losses, the frequency and severity of catastrophe losses is unpredictable and their impact on our operating results may vary significantly between periods and obscure other trends in our business. Therefore, we are providing this metric because we believe it gives our management and other financial statement users useful insight into our results of operations and trends in our financial performance without the volatility caused by catastrophe losses. Adjusted combined ratio excluding catastrophe losses should not be viewed as a substitute for combined ratio calculated using unadjusted GAAP numbers, and other companies may define adjusted combined ratio excluding catastrophe losses differently.

Adjusted combined ratio excluding catastrophe losses is calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	($ in thousands)		($ in thousands)	
Numerator: Sum of losses and loss adjustment expenses, acquisition expenses, and other underwriting expenses, net of commission and other income	$ 295,235	$ 175,940	$ 755,048	$ 437,614
Denominator: Net earned premiums	$ 365,391	$ 225,147	$ 913,781	$ 569,175
Combined ratio	80.8%	78.1%	82.7%	76.9%
Adjustments to numerator:				
Expenses associated with transactions	$ (3,133)	$ (728)	$ (10,545)	$ (3,570)
Stock-based compensation expense	(7,022)	(5,379)	(23,246)	(15,471)
Amortization of intangibles	(6,161)	(1,346)	(21,396)	(3,400)
Expenses associated with catastrophe bond	—	—	(2,330)	(2,661)
Catastrophe losses	(4,452)	(1,900)	(4,302)	(1,335)
Adjusted combined ratio excluding catastrophe losses	75.1%	74.0%	75.9%	72.2%

Tangible Stockholders' Equity

We define tangible stockholders' equity as stockholders' equity less goodwill and intangible assets. Our definition of tangible stockholders' equity may not be comparable to that of other companies, and it should not be viewed as a substitute for stockholders' equity calculated in accordance with GAAP. We use tangible stockholders' equity internally to evaluate the strength of our balance sheet and to compare returns relative to this measure.

Stockholders' equity calculated in accordance with GAAP reconciles to tangible stockholders' equity as follows:

	September 30, 2026	December 31, 2025
	($ in thousands)	
Stockholders' equity	$ 984,972	$ 942,667
Goodwill and intangible assets	(228,426)	(61,054)
Tangible stockholders' equity	$ 756,546	$ 881,613

Liquidity and Capital Resources

Sources and Uses of Funds

We operate as a holding company with no business operations of our own. Consequently, our ability to pay dividends to stockholders and pay taxes and administrative expenses is largely dependent on income generated by our subsidiaries and dividends or other distributions paid from our subsidiaries, whose ability to pay us is highly regulated.

Our U.S. insurance company subsidiaries, PSIC, PESIC, FIA, and PCSC are restricted by the statutes as to the amount of dividends that they may pay without prior approval by state insurance commissioners.

Under California and Oregon statutes which govern PSIC, dividends paid in a consecutive twelve month period cannot exceed the greater of (i) 10% of an insurance company's statutory policyholders' surplus as of December 31 of the preceding year, or (ii) 100% of its statutory net income for the preceding calendar year. Any dividends or distributions in excess of these amounts would require regulatory approval. In addition, under Oregon statute PSIC may only declare a dividend from earned surplus, which does not include contributed capital. Surplus arising from unrealized capital gains or revaluation of assets is not considered part of earned surplus. Based on the above restrictions, PSIC may pay a dividend or distribution of no greater than $176.0 million in 2026 without approval by the California and Oregon Insurance Commissioners.

Under Arizona statute which governs PESIC, dividends paid in a consecutive twelve month period cannot exceed the lesser of (i) 10% of an insurance company's statutory policyholders' surplus as of December 31 of the preceding year, or (ii) 100% of its statutory net income for the preceding calendar year. Based on the above restrictions, PESIC may pay a dividend or distribution of no greater than $7.4 million in 2026 without approval of the Arizona Insurance Commissioner.

Under New Jersey law, which governs FIA, all dividend payments require 30-day prior approval of the New Jersey Commissioner of Banking and Insurance (the "Commissioner"). The maximum dividend, which may be paid in any twelve-month period, is limited to the greater of 10% of statutory surplus as of December 31 of the preceding year or the net gain from operations of the preceding calendar year. Cash dividends may only be paid out of surplus derived from realized net profits. Based on these limitations, FIA has capacity to pay a dividend of $1.8 million in 2026, conditional upon the Commissioner's approval.

Under Louisiana law which governs PCSC, the maximum amount of stockholder dividends that PCSC may pay without prior approval of the Louisiana Insurance Commissioner is limited to the lesser of (i) statutory net income for the preceding three calendar years excluding realized capital gains, less dividends paid during the preceding two calendar years, or (ii) 10% of statutory surplus. Based on the above restrictions, PCSC may pay a dividend or distribution of no greater than $13.2 million in 2026 without approval of the Louisiana Insurance Commissioner.

State insurance regulators have broad powers to prevent the reduction of statutory surplus to inadequate levels, and there is no assurance that dividends up to the maximum amounts calculated under any applicable formula would be permitted. In addition, state insurance regulators may adopt statutory provisions and dividend limitations more restrictive than those currently in effect in the future.

Bermuda regulations limit the amount of dividends and return of capital paid by a regulated entity. A Class 3A insurer is prohibited from declaring or paying a dividend if it is in breach of its minimum solvency margin, its enhanced capital requirement, or its minimum liquidity ratio, or if the declaration or payment of such dividend would cause such a breach. If a Class 3A insurer has failed to meet its minimum solvency margin on the last day of any financial year, it will also be prohibited, without the approval of the Bermuda Monetary Authority ("BMA"), from declaring or paying any dividends during the next financial year. Furthermore, the Bermuda Insurance Act 1978, as amended (the "Insurance Act"), limits the ability of PSRE to pay dividends or make capital distributions by stipulating certain margin and solvency requirements and by requiring approval from the BMA prior to a reduction of 15% or more of a Class 3A insurer's total statutory capital as reported on its prior year statutory balance sheet. Moreover, an insurer must submit an affidavit to the BMA, sworn by at least two directors and the principal representative in Bermuda of the Class 3A insurer, at least seven days prior to payment of any dividend which would exceed 25% of that insurer's total statutory capital and

surplus as reported on its prior year statutory balance sheet. The affidavit must state that in the opinion of those swearing the declaration of such dividend, such dividend has not caused the insurer to fail to meet its relevant margins.

Further, under the Bermuda Companies Act 1981, as amended ("the Companies Act"), PSRE may only declare or pay a dividend, or make a distribution out of contributed surplus, if it has no reasonable grounds for believing that: (1) it is, or would after the payment be, unable to pay its liabilities as they become due or (2) the realizable value of its assets would be less than its liabilities.

Pursuant to Bermuda regulations, the maximum amount of dividends and return of capital available to be paid by a reinsurer is determined pursuant to a formula. Under this formula, the maximum amount of dividends and return of capital available from PSRE during 2026 is calculated to be approximately $4.5 million. However, this dividend amount is subject to annual enhanced solvency requirement calculations.

One of our insurance company subsidiaries, PSIC, is a member of the Federal Home Loan Bank of San Francisco (FHLB). Membership allows PSIC access to collateralized advances, which may be used to support and enhance liquidity management. The amount of advances that may be taken is dependent on statutory admitted assets.

Cash Flows

Our primary sources of cash flow are written premiums, investment income, reinsurance recoveries, sales and redemptions of investments, and proceeds from borrowings on our lines of credit. We use our cash flows primarily to pay reinsurance premiums, operating expenses, losses and loss adjustment expenses, and income taxes.

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

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

Management believes that our current liquidity and cash receipts from written premiums, investment income, proceeds from investment sales and redemptions, and reinsurance recoveries, if necessary, are sufficient to cover cash outflows for each of our insurance subsidiaries in the foreseeable future.

The following table summarizes our cash flows for the nine months ended September 30, 2026 and 2025:

	Nine Months Ended September 30,	
	2026	2025
	($ in thousands)	
Cash provided by (used in):		
Operating activities	$ 334,759	$ 291,705
Investing activities	(623,043)	(230,435)
Financing activities	237,019	(30,049)
Change in cash, cash equivalents, and restricted cash	$ (51,265)	$ 31,221

Our cash flow from operating activities was positive during the nine months ended September 30, 2026 and 2025. Variations in operating cash flow between periods are primarily driven by variations in our gross and ceded written premiums and the volume and timing of premium receipts, claim payments, reinsurance payments, and reinsurance recoveries on paid losses. In addition, fluctuations in losses and loss adjustment expenses and other insurance operating expenses impact operating cash flow.

Cash used in investing activities for the nine months ended September 30, 2026 and 2025 related primarily to purchases of fixed maturity securities in excess of sales and maturities and acquisitions occurring in each period.

Cash provided by financing activities for the nine months ended September 30, 2026 was related to the issuance of a term loan for $300.0 million, net borrowings under our FHLB line of credit of $21.0 million, the receipt of $3.4 million in proceeds from policyholder contributions of surplus, the receipt of $2.1 million in proceeds from stock option exercises, and the receipt of $1.6 million in proceeds from our employee stock purchase plan, partially offset by repurchases of $73.0 million of our common stock, dividend payments of $11.8 million, principal repayment on our term loan of $3.7 million, and payment of debt issuance costs of $2.6 million. Cash used in financing activities for the nine months ended September 30, 2025 was related to the repurchase of $37.3 million

of our common stock and $0.1 million in offering costs from the August 2024 secondary offering, partially offset by the receipt of $3.3 million in proceeds from stock option exercises, the receipt of $2.9 million in proceeds from policyholder contributions of surplus, and the receipt of $1.2 million in proceeds from our employee stock purchase plan.

We do not have any current plans for material capital expenditures other than current operating requirements. We believe that we will generate sufficient cash flows from operations to satisfy our liquidity requirements for at least the next 12 months and beyond. The key factor that will affect our future operating cash flows is the frequency and severity of catastrophe losses. To the extent our future operating cash flows are insufficient to cover our net losses from catastrophic events, we had $1.8 billion in cash and investment securities available at September 30, 2026. We also have the ability to access additional capital through pursuing third-party borrowings, sales of our equity or debt securities or entrance into a reinsurance arrangement.

Share Repurchases

We have used and may use our cash in the future to purchase outstanding shares of our common stock. On July 31, 2025, our Board of Directors approved a share repurchase program, (the "2025 Repurchase Program"), authorizing the repurchase of up to $150 million of our outstanding common stock through July 31, 2027. Under the 2025 Repurchase Program, shares may be repurchased from time to time in the open market or negotiated transactions at prevailing market rates, or by other means in accordance with federal securities laws. We repurchased 226,130 shares for $27.3 million under the 2025 Repurchase Program during the nine months ended September 30, 2026 and, because the 2025 Repurchase Program was replaced by the 2026 Repurchase Program, no further repurchases may be made under it.

On April 30, 2026, our Board of Directors approved a share repurchase program, (the "2026 Repurchase Program"), effective May 6, 2026, which replaces the 2025 Repurchase Program, and authorizes the repurchase of up to $200 million of our outstanding common stock through May 6, 2028. Under the 2026 Repurchase Program, shares may be repurchased from time to time in the open market or negotiated transactions at prevailing market rates, or by other means in accordance with federal securities laws. We repurchased 402,844 shares for $45.7 million under this program during the nine months ended September 30, 2026 and $154.3 million remains available for future repurchases.

Dividends

On July 30, 2026 our Board of Directors declared a quarterly cash dividend of $0.45 per share on our common stock, representing the first cash dividend declared on our common stock. The dividend was paid on September 2, 2026 to stockholders of record as of August 19, 2026. The aggregate amount of the dividend declared was approximately $12.2 million, of which $11.8 million was paid in cash to holders of common stock and $0.4 million represents dividend equivalents accrued on unvested RSUs and PSUs. Dividend equivalents on unvested awards are not paid in cash at this time and will be paid only if and when the underlying awards vest, consistent with the terms described in Note 7 to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report. We funded the cash dividend payment to holders of our common stock from cash on hand and cash generated from operations. The declaration and payment of any future dividends will be at the discretion of our Board of Directors and will be subject to the restrictions described under "Sources and Uses of Funds" above and in Note 13 to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

Credit Agreements

We have the ability to access additional capital through multiple credit agreements.

In December 2021, we entered into a credit agreement with U.S. Bank National Association (the "2021 Credit Agreement") which provided a revolving credit facility of up to $100 million through December 8, 2026. In January 2026, we entered into a new credit agreement (the "2026 Credit Agreement") that replaced the 2021 Credit Agreement.

The 2026 Credit Agreement provides for unsecured credit facilities totaling $450 million, comprised of a $150 million revolving facility (the "Revolving Facility") and a $300 million term loan (the "Term Loan"), each maturing on January 27, 2031. Borrowings under the 2026 Credit Agreement bear interest at variable rates based on Term Secured Overnight Financing Rate ("SOFR") or an alternate base rate, plus an applicable margin determined by our debt-to-capital ratio (as defined in the 2026 Credit Agreement). In addition to interest on funds borrowed, we must pay an unused line fee of up to 0.25%, determined by our debt-to-capital ratio (as defined in the 2026 Credit Agreement), on any amounts not borrowed. The Term Loan amortizes quarterly, and borrowings may be prepaid without premium. Obligations under the 2026 Credit Agreement are guaranteed by certain of our domestic subsidiaries and are unsecured, subject to a negative pledge. Proceeds from the 2026 Credit Agreement may be used for general corporate purposes, including permitted acquisitions and the refinancing of existing indebtedness.

As of September 30, 2026, $4.1 million of the borrowing capacity of the Revolving Facility is pledged as collateral in support of a reinsurance arrangement and not able to be utilized.

As of September 30, 2026, we had $294.0 million outstanding on the Term Loan, net of unamortized debt issuance costs, and were in compliance with all covenants under the 2026 Credit Agreement.

As of September 30, 2026, we had no borrowings outstanding through the 2021 Credit Agreement and the Revolving Facility.

Our PSIC subsidiary is a member of the Federal Home Loan Bank of San Francisco ("FHLB"). Membership in the FHLB provides PSIC access to collateralized advances, which can be drawn for general corporate purposes and used to enhance liquidity management. All borrowings are fully secured by a pledge of specific investment securities of PSIC and the borrowing capacity is equal to 10% of PSIC's statutory admitted assets. All advances have predetermined term and the interest rate varies based on the term of the advance.

As of September 30, 2026, we had $21.0 million outstanding through the FHLB line of credit at the overnight rate of 4.36%.

Stockholders' Equity

At September 30, 2026 total stockholders' equity was $985.0 million and tangible stockholders' equity was $756.5 million, compared to total stockholders' equity of $942.7 million and tangible stockholders' equity of $881.6 million as of December 31, 2025. Stockholders' equity increased due to net income earned for the period and activity related to stock-based compensation, partially offset by net unrealized losses on available-for-sale fixed maturity securities, share repurchases, and dividends declared.

Tangible stockholders' equity is a non-GAAP financial measure. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of stockholders' equity in accordance with GAAP to tangible stockholders' equity.

Investment Portfolio

Our primary investment objectives are to maintain liquidity, preserve capital and generate a stable level of investment income. We purchase securities that we believe are attractive on a relative value basis and seek to generate returns in excess of predetermined benchmarks. Our Investment Committee reviews and recommends investment guidelines, which are subject to approval by our Board of Directors in accordance with applicable regulatory restrictions on asset type, quality and concentration. Our current investment guidelines allow us to invest in taxable and tax-exempt fixed maturities, as well as publicly traded mutual funds and common stock of individual companies. Our cash and invested assets consist of cash and cash equivalents, fixed maturity securities, equity securities, and other investments. As of September 30, 2026, the majority of our investment portfolio, or $1.6 billion, was comprised of fixed maturity securities that are classified as available-for-sale and carried at fair value with unrealized gains and losses on these securities, net of applicable taxes, reported as a separate component of accumulated other comprehensive income. Also included in our investment portfolio were $123.7 million of equity securities, $45.2 million of investments in limited partnerships, $8.7 million of livestock put options, and $14.7 million of a senior surplus note classified as held-to-maturity and carried at amortized cost. In addition, we maintained a non-restricted cash and cash equivalent balance of $55.6 million at September 30, 2026. Our available-for-sale fixed maturity securities, including cash equivalents, had a weighted average effective duration of 4.61 and 3.81 years as of September 30, 2026 and December 31, 2025, respectively, and an average rating of "A1/A+" at both dates. Our available-for-sale fixed income investment portfolio had a book yield of 5.06% as of September 30, 2026, compared to 4.83% as of December 31, 2025.

At September 30, 2026 and December 31, 2025 the amortized cost and fair value on available-for-sale securities were as follows:

September 30, 2026	Amortized Cost or Cost	Fair Value	% of Total Fair Value
		($ in thousands)	
Fixed maturities:			
U.S. Governments	$ 31,933	$ 31,366	2.0%
U.S. States, Territories, and Political Subdivisions	17,730	15,923	1.0%
Special revenue excluding mortgage/asset-backed securities	20,010	17,112	1.1%
Corporate and other	834,795	788,704	50.4%
Mortgage/asset-backed securities	745,975	712,514	45.5%
Total available-for-sale investments	$ 1,650,443	$ 1,565,619	100.0%

December 31, 2025	Amortized Cost or Cost	Fair Value	% of Total Fair Value
		($ in thousands)	
Fixed maturities:			
U.S. Governments	$ 23,716	$ 23,587	1.9%
U.S. States, Territories, and Political Subdivisions	19,745	18,862	1.5%
Special revenue excluding mortgage/asset-backed securities	19,280	17,465	1.4%
Corporate and other	606,748	608,235	49.7%
Mortgage/asset-backed securities	558,116	556,038	45.5%
Total available-for-sale investments	$ 1,227,605	$ 1,224,187	100.0%

The following tables provide the credit quality of our available-for-sale fixed maturity securities as of September 30, 2026 and December 31, 2025:

September 30, 2026	Estimated Fair Value	% of Total
	($ in thousands)	
Rating		
AAA	$ 172,181	11.0%
AA	546,048	34.9%
A	434,044	27.7%
BBB	366,082	23.4%
BB	43,780	2.8%
B	3,484	0.2%
	$ 1,565,619	100.0%

December 31, 2025	Estimated Fair Value	% of Total
	($ in thousands)	
Rating		
AAA	$ 143,223	11.7%
AA	411,484	33.6%
A	318,324	26.0%
BBB	297,191	24.3%
BB	48,471	4.0%
B	3,993	0.3%
CCC & Below	1,501	0.1%
	$ 1,224,187	100.0%

The amortized cost and fair value of our available-for-sale investments in fixed maturity securities summarized by contractual maturity as of September 30, 2026 were as follows:

September 30, 2026	Amortized Cost	Fair Value	% of Total Fair Value
		($ in thousands)	
Due within one year	$ 56,013	$ 55,930	3.6%
Due after one year through five years	295,592	285,306	18.2%
Due after five years through ten years	342,520	323,763	20.7%
Due after ten years	210,343	188,106	12.0%
Mortgage and asset-backed securities	745,975	712,514	45.5%
	$ 1,650,443	$ 1,565,619	100.0%

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations.

Reinsurance

We purchase a significant amount of reinsurance from third parties that we believe enhances our business by reducing our exposure to potential catastrophe losses, limiting volatility in our underwriting performance, and providing us with greater visibility into our future earnings. Reinsurance involves transferring, or ceding, a portion of our risk exposure on policies that we write to another insurer, the reinsurer, in exchange for a premium. To the extent that our reinsurers are unable to meet the obligations they assume under our reinsurance agreements, we remain liable for the entire insured loss; see "Risk Factors—Risks Related to Our Business and Industry—We may be unable to purchase third-party reinsurance or otherwise expand our catastrophe coverage in amounts we desire or on terms that are commercially acceptable and adequately protect us, including due to volatility in reinsurance market conditions, and this inability may materially adversely affect our business, financial condition and results of operations."

We use treaty reinsurance and, on a limited basis, facultative reinsurance coverage. Treaty coverage refers to a reinsurance contract that is applied to a group or class of business where all the risks written meet the criteria for that class. Our treaty reinsurance program primarily consists of catastrophe XOL coverage, in which the reinsurer(s) agree to assume all or a portion of the ceding company's losses relating to a group of policies occurring in relation to specified events, subject to customary exclusions, in excess of a specified amount. Additionally, we buy program specific reinsurance coverage for specific lines of business on a quota share, property per risk or a facultative basis. In quota share reinsurance, the reinsurer agrees to assume a specified percentage of the ceding company's losses arising out of a defined class of business in exchange for a corresponding percentage of premiums, net of a ceding commission. Property per risk coverage is similar to catastrophe XOL coverage except that the treaty applies in individual property losses rather than in the aggregate for all claims associated with a single catastrophic loss occurrence. Facultative coverage refers to a reinsurance contract on individual risks as opposed to a group or class of business. We use facultative reinsurance selectively to supplement limits or to cover risks or perils excluded from other reinsurance contracts.

We have a robust program utilizing a mix of traditional reinsurers and insurance linked securities. We currently purchase reinsurance from over 100 reinsurers, who either have an "A−" (Excellent) (Outlook Stable) or better financial strength rating by A.M. Best or post collateral. Our reinsurance contracts include special termination provisions that allow us to cancel and replace any participating reinsurer that is downgraded below a rating of "A−" (Excellent) (Outlook Stable) from A.M. Best, or whose surplus drops by more than 20%.

In addition to reinsurance from traditional reinsurers, we utilize collateralized protection via catastrophe bonds. We currently have $1.2 billion of multi-year indemnity-based reinsurance coverage for catastrophe events, all issued through Torrey Pines Re Ltd., a Bermuda-domiciled special purpose insurer.

Our catastrophe event retention is $20 million for earthquake events and $11 million for hurricane events and all other perils. Laulima maintains Hawaii hurricane reinsurance coverage through a standalone XOL treaty, which provides per-occurrence coverage up to $865 million with a retention of $1.5 million. Our reinsurance coverage exhausts at $3.9 billion for earthquake events and $135 million for continental U.S. hurricane events, providing coverage in excess of our 1 in 250-year peak zone PML and in excess of our A.M. Best requirement. In addition, we maintain reinsurance coverage equivalent to or better than the 1 in 250-year PML for our other lines.

In the event that multiple catastrophe events occur in a period, many of our contracts include the right to reinstate reinsurance limits for potential future recoveries during the same contract year and preserve our limit for subsequent events. This feature for subsequent event coverage is known as a "reinstatement."

Critical Accounting Estimates

We identified the accounting estimates which are critical to the understanding of our financial position and results of operations. Critical accounting estimates are defined as those estimates that are both important to the portrayal of our financial condition and results of operations and require us to exercise significant judgment. We use significant judgment concerning future results and developments in applying these critical accounting estimates and in preparing our condensed consolidated financial statements. These judgments and estimates affect our reported amounts of assets, liabilities, revenues and expenses and the disclosure of our material contingent assets and liabilities. Actual results may differ materially from the estimates and assumptions used in preparing the condensed consolidated financial statements. We evaluate our estimates regularly using information that we believe to be relevant. Our critical accounting policies and estimates are described in our annual consolidated financial statements and the related notes in our 2025 Annual Report on Form 10-K. In addition to those policies, during the current period the Company applied significant judgment in connection with the acquisition of Gray Surety, particularly with respect to the preliminary purchase price allocation, including the estimation of the fair value of acquired assets and assumed liabilities (such as intangible assets and reserves). These estimates remain subject to refinement as additional information becomes available during the measurement period.

Other than as described above, our critical accounting policies and estimates remain consistent with those disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2025 Annual Report on Form 10-K.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

Market risk is a general term describing the potential economic loss associated with adverse changes in the fair value of financial instruments. Our condensed consolidated balance sheets include assets and liabilities with estimated fair values that are subject to market risk. Our primary market risks have been equity price risk associated with investments in equity securities and interest rate risk associated with investments in fixed maturities, as well as limited exposure from livestock put options used in our economic hedging strategy and recorded in Other investments.

We are also exposed to interest rate risk associated with our variable-rate Term Loan. A hypothetical 100-basis-point increase in interest rates would increase annual interest expense on the $296.3 million of principal outstanding under our Term Loan as of September 30, 2026, by approximately $3.0 million.

Credit risk is the potential loss resulting from adverse changes in an issuer's ability to repay its debt obligations. In general, we manage the exposure to credit risk in our investment portfolio by investing in high quality securities and by diversifying our holdings.

We monitor our investment portfolio to ensure that credit risk does not exceed prudent levels. The majority of our investment portfolio is invested in high credit quality, investment grade fixed maturity securities. We also invest in higher yielding fixed maturities and equity securities. Our available-for-sale fixed maturity portfolio has an average rating by at least one nationally recognized rating organization of "A1/A+," with approximately 73.6% rated "A−" or better. At September 30, 2026, 3.0% of our available-for-sale fixed maturity portfolio was unrated or rated below investment grade. In addition, we hold a senior surplus note with a carrying amount of $14.7 million (principal amount of $15.0 million) issued by a Florida-domiciled insurer. The note is classified as held-to-maturity, is not rated by a nationally recognized rating organization, and is not actively traded. Payments of principal and interest on the note are subject to prior approval by the Florida Office of Insurance Regulation and may be deferred, and the note ranks junior to policyholder and other creditor claims. See Note 2 to the condensed consolidated financial statements. Our fixed maturity portfolio includes some securities issued with financial guaranty insurance. We purchase fixed maturities based on our assessment of the credit quality of the underlying assets without regard to insurance.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file under the Securities Exchange Act of 1934, as amended (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 ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required financial disclosure.

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures defined under Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

On January 31, 2026, we completed the acquisition of Gray Surety (subsequently renamed PCSC). As permitted by SEC staff guidance, we expect to exclude PCSC from management's annual assessment of internal control over financial reporting as of December 31, 2026. We are in the process of integrating PCSC into our internal control over financial reporting. Notwithstanding this exclusion, the financial results of the acquired entity are subject to our existing controls over significant financial reporting processes, including consolidation and financial close activities.

No other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

The effectiveness of any system of controls and procedures is subject to certain limitations, and, as a result, there can be no assurance that our controls and procedures will detect all errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be attained.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

Summary Risk Factors

Our business is subject to numerous risks and uncertainties. These risks include, but are not limited to, the following:

Risks Related to Our Business and Industry:

- Claims arising from unpredictable and severe catastrophe events, including those caused by global climate change, could reduce or eliminate our earnings and stockholders' equity, particularly if such events occur with greater frequency or severity than historical experience, and could limit our ability to underwrite new insurance policies;
- Our reinsurers may not pay claims on a timely basis, or at all, which may materially adversely affect our business, financial condition, and results of operations;
- Our loss reserves are established based on estimates and assumptions, which may be inadequate to cover actual incurred losses, including as a result of changes in claims severity, litigation trends, or other loss development, which could have a material adverse impact on our results of operations and financial condition;
- We may be unable to purchase third-party reinsurance or otherwise expand our catastrophe coverage in amounts we desire or on terms that are commercially acceptable and adequately protect us, including due to volatility in reinsurance market conditions, and this inability may materially adversely affect our business, financial condition and results of operations;
- Our risk management and loss limitation methods, including estimates and models, which rely on assumptions and historical data, may fail to adequately manage our exposure to losses from catastrophe events or other underwriting risks, and our losses could be materially higher than our expectations;
- A significant portion of our business is generated in California, and as a result, we are more significantly exposed to California loss activity and regulatory environments, including regulatory constraints on pricing, underwriting actions, and the timing or approval of rate changes;
- We rely on a select group of brokers and program administrators, and such relationships may not continue or may not perform as expected;
- There is intense competition for business in our industry, which may result in pricing pressure, reduced underwriting margins, or changes in market share;
- Volatility in crop prices, as a result of weather conditions or other events, could adversely impact the performance of our crop insurance business and our results of operations;

Risks Related to the Economic Environment:

- Adverse economic factors, including recession, inflation, periods of high unemployment or lower economic activity could affect insurance demand, loss activity, investment returns, and our growth and profitability;
- Changes in global trade policies, including the imposition of tariffs, along with broader economic uncertainty, could contribute to financial market volatility, interest rate fluctuations, and disruptions to the sectors we insure;

Risks Related to Technology:

- The failure or disruption of our information technology and telecommunications systems could adversely affect our business;

- Security breaches or cyber-attacks could expose us to liability and damage our reputation and business;
- The growth and evolution of artificial intelligence (AI) will impact our business and operations;

Risks Related to Laws and Regulations:

- We are subject to extensive regulation, which may adversely affect our ability to achieve our business objectives;
- Unexpected changes in the interpretation of our coverage or provisions, including loss limitations and exclusions, in our policies could have a material adverse effect on our financial condition or results of operations;
- We incur significant costs as a result of operating as a public company, and our management is required to devote substantial time to complying with public company regulations; and

Risks Related to Ownership of our Common Stock:

- Our operating results and stock price may be volatile, or may decline regardless of our operating performance, and holders of our common stock could lose all or part of their investment.

Risks Related to Our Business and Industry

Claims arising from unpredictable and severe catastrophe events, including those caused by global climate change, could reduce or eliminate our earnings and stockholders' equity, particularly if such events occur with greater frequency or severity than historical experience, and could limit our ability to underwrite new insurance policies.

Our insurance operations expose us to claims arising from unpredictable catastrophe events, such as earthquakes, hurricanes, droughts, windstorms, floods, wildfires, and other severe events. We have incurred significant losses from catastrophe events multiple times in our history and we may incur significant losses from future catastrophe events. The actual occurrence, frequency and magnitude of such events are uncertain. While there can be no certainty surrounding the timing and magnitude of earthquakes, some observers believe that significant shifts in the tectonic plates, including the San Andreas Fault, may occur in the future. Over the past several years, changing weather patterns and climatic conditions, such as global warming, have added to the unpredictability and frequency of natural disasters in certain parts of the world, including the markets in which we operate. Climate change may contribute to increased frequency, severity or geographic concentration of extreme weather events. This effect has led to conditions in the ocean and atmosphere, including warmer-than-average sea-surface temperatures and low wind shear that increase hurricane activity. Hurricane activity typically increases between June and November of each year, though the actual occurrence and magnitude of such events is uncertain. The occurrence of a natural disaster or other catastrophe loss could materially adversely affect our business, financial condition, and results of operations. These events could impact our business even where we do not have insured exposure, such as the 2025 California wildfires, as homes and businesses lost due to such events may cancel or not renew their policies with us. Additionally, any increased frequency and severity of such weather events, including hurricanes, could materially impair our ability to accurately predict, quantify, reinsure and manage catastrophe risk and may materially increase our losses.

The extent of losses from catastrophes is a function of both the frequency and severity of the insured events and the total amount of insured exposure in the areas affected. The frequency and severity of catastrophes are inherently unpredictable and the occurrence of one catastrophe does not make the occurrence of another catastrophe more or less likely. Increases in the replacement cost of insured property due to higher material and labor costs, increases in concentrations of insured property, and changes in cyclical weather patterns may increase the severity of claims from catastrophe events in the future. Claims from catastrophe events could reduce our earnings and cause substantial volatility in our results of operations for any fiscal quarter or year, which could materially adversely affect our financial condition, possibly to the extent of eliminating our total stockholders' equity. Our ability to underwrite new insurance policies could also be materially adversely impacted as a result of corresponding reductions in our capital. In addition, a natural disaster could materially impact the financial condition of our policyholders, resulting in loss of premiums.

Our reinsurance coverage currently exhausts at $3.9 billion for earthquake events and $135 million for continental U.S. hurricane events, with coverage in excess of our estimated peak zone 1 in 250 year PML event and in excess of our A.M. Best threshold. Laulima maintains Hawaii hurricane reinsurance coverage through a standalone XOL treaty, which provides per-occurrence coverage up to $865 million with a retention of $1.5 million. Our catastrophe event retention is currently $20 million for earthquake events and $11 million for hurricane events and all other perils. In addition to our event retention, we may also incur additional reinsurance expenses upon a catastrophe event. While we only select reinsurers whom we believe to have acceptable credit, if our reinsurers are unable to pay the claims for which they are responsible, we retain primary liability. Our earthquake policies do not provide coverage for fire damage arising from an earthquake. Catastrophe events which cause our reinsurers to incur losses may increase the cost of reinsurance in future periods, increase retentions or reduce available limits, or make it more difficult to obtain reinsurance on commercially acceptable terms. While we believe our risk transfer program reduces exposure to catastrophe losses and earnings volatility, one or more severe catastrophe events could result in claims that exceed the limits of our reinsurance coverage.

Our reinsurers may not pay claims on a timely basis, or at all, which may materially adversely affect our business, financial condition, and results of operations.

Our ability to grow our business is dependent in part on our ability to secure reinsurance for a substantial portion of the risk associated with our policies. Although reinsurance makes the reinsurer liable to us to the extent the risk is transferred or ceded to the reinsurer, it does not relieve us (the ceding insurer) of our primary liability to our policyholders. While our current reinsurance program is designed to limit our risk retention, in the event of a major catastrophe, our reinsurers may not pay claims made by us on a timely basis, or they may not pay some or all such claims.

In addition, reinsurers may default in their financial obligations to us as the result of insolvency, lack of liquidity, operational failure, fraud, asserted defenses based on agreement wordings or the principle of utmost good faith, asserted deficiencies in the documentation of agreements, or other reasons. Any disputes with reinsurers regarding coverage under reinsurance contracts could be time consuming, costly, and subject to uncertain outcomes. If a catastrophe event were to occur and our reinsurers were unable to satisfy their commitments to us, we may be unable to satisfy our policyholder liabilities which would adversely impact our results of operations and financial condition. We evaluate each reinsurance claim based on the facts of the case, historical experience with the reinsurer on similar claims and existing case law and consider including any amounts deemed uncollectible from the reinsurer in a reserve for uncollectible reinsurance.

Our loss reserves are established based on estimates and assumptions, which may be inadequate to cover actual incurred losses, including as a result of changes in claims severity, litigation trends, or other loss development, and could have a material adverse impact on our results of operations and financial condition.

The reserve for losses and loss adjustment expenses represents our estimated ultimate cost of all reported and unreported losses and loss adjustment expenses incurred and unpaid at the balance sheet date. We seek to establish adequate reserves; however, our ultimate liability may be greater than our estimate.

The process of estimating the reserves for losses and loss adjustment expenses requires a high degree of judgment and is subject to several variables. Multiple actuarial methods are used to estimate the reserve for losses and loss adjustment expenses. These methods utilize, to varying degrees, the initial expected loss ratio, detailed statistical analysis of past claims reporting and payment patterns, claims frequency and severity, paid and industry loss experience, and changes in market conditions, policy forms, exclusions, and exposures.

We are subject to uncertainties which impact the adequacy of our reserves. For example, when we write “occurrence” policies, we are obligated to pay covered claims, up to the contractually agreed amount, for any covered loss that occurs while the policy is in force. Accordingly, claims may arise in years after a policy has lapsed. In addition, there may be significant reporting lags between the occurrence of an insured event and the time it is actually reported to us and additional lags between the time of reporting and final settlement of any claims. Consequently, estimates of loss associated with specified claims can increase as new information emerges, which could cause the reserves for such claims to become inadequate.

Our reserves are impacted by several important factors, such as:

- Litigation, judicial and regulatory trends, such as increased litigation, higher jury awards, class action lawsuits, multi-district litigation, and evolving legal theories that may increase claim duration, defense costs and settlement values;
- claims development patterns by line of business;
- legislative activity;
- social and economic patterns; and
- claims inflation assumptions, such as increased costs of raw materials, labor, and other components of claims cost.

Our reserve estimates reflect current inflation in legal claims’ settlements and assume we will not be subject to losses from significant new legal liability theories. Our reserve estimates are based on current regulatory and legislative environments and assume that there will not be significant changes in the regulatory and legislative environment. The impact of potential changes in the regulatory or legislative environment is difficult to quantify in the absence of specific, significant new regulation or legislation. In the event of significant new regulation or legislation, we will attempt to quantify its impact on our business, but no assurance can be given that our attempt to quantify such inputs will be accurate or successful.

Expansion into new products, acquired businesses and lines of business may result in more limited historical claims experience for certain exposures, increasing uncertainty in estimating ultimate losses and loss adjustment expenses.

If our loss reserves should prove to be inadequate, we will be required to increase our reserves resulting in a reduction in our net income and stockholders' equity in the period where the inadequacy is identified. Material increases to our reserves may impact our liquidity, our financial rating, and our ability to comply with debt covenants.

For further information on our loss reserving methodology, see "Management's Discussion and Analysis-Critical Accounting Policies and Estimates- Reserve for Losses and Loss Adjustment Expenses" in our 2025 Annual Report on Form 10-K.

We may be unable to purchase third-party reinsurance or otherwise expand our catastrophe coverage in amounts we desire or on terms that are commercially acceptable and adequately protect us, including due to volatility in reinsurance market conditions, and this inability may materially adversely affect our business, financial condition and results of operations.

We purchase a significant amount of reinsurance from third parties that we believe enhances our business by reducing our exposure to potential catastrophe losses and reducing volatility in our underwriting performance, providing us with greater visibility into our future earnings. Reinsurance involves transferring, or ceding, a portion of our risk exposure on policies that we write to another insurer, the reinsurer, in exchange for a premium.

We buy multiple types of reinsurance including treaty XOL coverage and program specific reinsurance coverage on a quota share, property per risk or a facultative basis. Treaty coverage refers to a reinsurance contract that is applied to a group or class of business where all the risks written meet the criteria for that class. Facultative coverage refers to a reinsurance contract on individual risks as opposed to a group or class of business. Our catastrophe XOL treaties are divided into multiple layers.

The reinsurance market historically has been a cyclical market characterized by periods of sufficient or excess capital (soft market cycle) as well as shortages of capital (hard market cycle). Market conditions have limited, and in some cases prevented, insurers from obtaining the types and amounts of reinsurance they consider adequate for their business needs. As a result, we may not be able to purchase reinsurance in the areas and for the amounts we desire or on terms we deem acceptable or at all. Hard market cycles may increase our cost of reinsurance, force us to increase our loss retention, or limit the amount of reinsurance we are able to purchase, all of which would have an adverse impact on our business and results of operations.

In addition to reinsurance purchased from traditional reinsurers, we utilize collateralized protection from the insurance-linked securities market through catastrophe bonds issued via Torrey Pines Re Ltd., a Bermuda-domiciled special purpose insurer. We closed a $360 million catastrophe bond in the second quarter of 2026, effective June 1, 2026 through June 1, 2029; a $525 million catastrophe bond in the second quarter of 2025, effective June 1, 2025 through June 1, 2028; a $420 million catastrophe bond in the second quarter of 2024, effective June 1, 2024 through June 1, 2027; and a $200 million catastrophe bond in the second quarter of 2023, effective June 1, 2023 through June 1, 2026. These catastrophe bonds provide indemnity-based reinsurance coverage for catastrophe events.

We may seek similar catastrophe bond offerings in the future. However, there can be no assurance that we will be able to complete such offerings on acceptable terms, if at all.

If we are unable to renew our expiring reinsurance contracts on acceptable terms or expand our reinsurance coverage through traditional reinsurers, catastrophe bonds, or alternative risk transfer arrangements, our loss exposure may increase, which would increase our potential losses related to catastrophe or non-catastrophe events. If we are unwilling to bear an increase in loss exposure, we may have to reduce our written premiums. These outcomes could adversely affect our business, financial condition, and results of operations.

In addition, as we grow our written premiums and enter new lines of business we will seek new types of reinsurance and will need to purchase reinsurance on commercially acceptable terms to manage the risks associated with entering new lines of business. The inability to purchase appropriate reinsurance for new lines of business could negatively impact our ability to grow our written premiums and maintain our desired level of profitability.

Many reinsurance companies have increasingly excluded certain coverages from, or altered terms in, our reinsurance contracts with them. As a result, we, like other insurance companies, write insurance policies which to some extent do not have the benefit of reinsurance protection. These gaps in reinsurance protection expose us to greater risk and greater potential losses.

We utilize several risk management and loss limitation methods, including reliance on estimates and models. If these methods fail to adequately manage our exposure to losses from catastrophe events and other underwriting risks, our losses could be materially higher than our expectations, and our business, financial condition, and results of operations could be materially adversely affected.

Our approach to risk management relies on subjective variables that entail significant uncertainties. We manage our exposure to catastrophe losses by analyzing the probability of the occurrence of catastrophe events and their severity and impact on our underwriting and investment portfolio. We monitor and mitigate our exposure through several methods designed to minimize risk, including underwriting specialization, modeling and data systems, data quality control, strategic use of policy deductibles, regular

review of aggregate exposure and probable maximum loss reports, which report the maximum amount of expected losses based on computer or actuarial modeling techniques. These methods rely on estimates, models, data, and scenarios that may not accurately predict actual outcomes. Consequently, we could incur losses both in the risks we underwrite and to the value of our investment portfolio due to the overall impact on financial markets from the occurrence of catastrophe events.

In addition, output from our risk modeling software is based on third-party data that we believe to be accurate and reliable. The estimates and assumptions we use are dependent on many variables, such as loss adjustment expenses, insurance to value, storm or earthquake intensity, building code compliance and demand surge, which is the temporary inflation of costs for building materials such as lumber and labor resulting from increased demand for rebuilding services in the aftermath of a catastrophe. Accordingly, if the estimates and assumptions used in our risk models are incorrect or if our risk models prove to be an inaccurate forecasting tool, the losses we incur from an actual catastrophe could be materially higher than our expectation of losses generated from modeled catastrophe scenarios. In addition, our third-party data providers may change the estimates or assumptions that we use in our risk models and/or their data may be inaccurate. Changes in these estimates or assumptions or the use of inaccurate third-party data could cause our actual losses to be materially higher than our current expectation of losses generated by modeled catastrophe scenarios, which in turn could materially adversely affect our business, financial condition, and results of operations.

We run many model simulations to evaluate the impact of these assumptions on a catastrophe's loss potential. Furthermore, there are risks associated with catastrophe events, which are either poorly represented or not represented at all by catastrophe models. Climate change, evolving catastrophe patterns, and the emergence of secondary perils such as severe inland flooding, wildfires, and convective storms may further increase both the frequency and severity of catastrophe events. Limited historical data for certain perils, along with changes in climate and loss patterns, may reduce the reliability of catastrophe models and stress the assumptions on which we rely to price risk, manage exposures, and purchase reinsurance. Changing catastrophe patterns may also reduce the predictive value of historical loss experience used to develop catastrophe models, which could impair our ability to price business, estimate probable maximum losses, and structure our reinsurance program. Each modeling assumption or un-modeled risk introduces uncertainty into probable maximum loss estimates that management must consider. These uncertainties can include, but are not limited to, the following:

- The models do not address all the possible hazard characteristics of a catastrophe peril (e.g., the precise path and wind speed of a hurricane);
- The models may not accurately reflect the true frequency or severity of events;
- The models may not accurately reflect a risk's vulnerability or susceptibility to damage for a given event characteristic;
- The models may not account for unusual or unprecedented catastrophe events;
- The models may not adequately consider the impact of inflation on the magnitude of modeled losses;
- The models may not accurately represent loss potential to insurance or reinsurance contract coverage limits, terms and conditions; and
- The models may not accurately reflect the impact on the economy of the area affected or the financial, judicial, political, or regulatory impacts on insurance claim payments during or following a catastrophe event.

As a result, our reliance on assumptions, data, and models to evaluate our entire risk portfolio and specifically to estimate a probable maximum loss is subject to a high degree of uncertainty that could result in actual losses that are materially different from our probable maximum loss estimates, which could adversely impact our financial results.

A decline in our financial strength rating may adversely affect the amount of business we write and impact compliance with our debt covenants.

Participants in the insurance industry use ratings from independent ratings agencies, such as A.M. Best, as an important means of assessing the financial strength and creditworthiness of insurers. In setting its ratings, A.M. Best performs quantitative and qualitative analysis of a company's balance sheet strength, operating performance and business profile. A.M. Best financial strength ratings range from "A++" (Superior) to "F" for insurance companies that have been publicly placed in liquidation. As of September 30, 2026, A.M. Best has assigned a financial strength rating of "A" (Excellent) (Outlook Stable) to our insurance company subsidiaries, Palomar Specialty Insurance Company ("PSIC"), Palomar Excess and Surplus Insurance Company ("PESIC"), First Indemnity of America Insurance Co. ("FIA"), and Palomar Specialty Reinsurance Company Bermuda Ltd. ("PSRE"), and "A-" (Excellent) (Outlook Positive) to Palomar Casualty and Surety Company ("PCSC").

A.M. Best assigns ratings that are intended to provide an independent opinion of an insurance company's ability to meet its obligations to policyholders and such ratings are not evaluations directed to investors and are not a recommendation to buy, sell or

hold our common stock or any other securities we may issue. A.M. Best's analysis includes comparisons to peers and industry standards as well as assessments of operating plans, philosophy and management. A.M. Best periodically reviews our financial strength rating and may revise it downward or revoke it at A.M. Best's discretion based primarily on its analyses of our balance sheet strength (including capital adequacy and loss adjustment expense reserve adequacy), operating performance and business profile. Factors that could affect such analyses include, but are not limited to:

- If we change our business practices from our organizational business plan in a manner that no longer supports A.M. Best's rating;
- If unfavorable financial, regulatory or market trends affect us, including excess market capacity;
- If our losses exceed our loss reserves;
- If we have unresolved issues with government regulators;
- If we are unable to retain our senior management or other key personnel;
- If our investment portfolio incurs significant losses; or
- If A.M. Best alters its capital adequacy assessment methodology in a manner that would adversely affect our rating.

These and other factors could result in a downgrade of our financial strength rating. A downgrade or withdrawal of our rating could result in any of the following consequences, among others:

- Causing our current and future distribution partners and insureds to choose other, more highly-rated competitors;
- Increasing the cost or reducing the availability of reinsurance to us;
- Severely limiting or preventing us from writing new and renewal insurance contracts; or
- Causing us to be out of compliance with the financial covenants in the 2026 Credit Agreement.

In addition, in view of the earnings and capital pressures experienced by many financial institutions, including insurance companies, it is possible that rating organizations will heighten the level of scrutiny that they apply to such institutions, increase the frequency and scope of their credit reviews, request additional information, or increase the capital and other requirements employed in the rating organizations' models for maintenance of certain ratings levels. If our credit rating were to be downgraded, or general market conditions were to ascribe higher risk to our rating levels, our access to capital markets and the cost of any equity or debt financing will be negatively impacted. We can offer no assurance that our rating will remain at its current level. It is possible that such reviews of us may result in adverse ratings consequences, which could have a material adverse effect on our financial condition and results of operations.

We and our customers could be negatively and adversely impacted by pandemics, disease outbreaks and other public health crises.

The extent of the impact of a pandemic, disease outbreak or other public health crisis on our operational and financial performance depends on several factors, including the ultimate duration and severity of the event, the emergence of new or evolving health threats, actions taken and restrictions imposed by government and health officials, the effectiveness and adoption of vaccines and therapeutics, the ability of our customers to continue to pay premiums, contraction of the insurance and reinsurance markets, and the ability of reinsurers to satisfy claims. These factors are uncertain and cannot be predicted. While policy terms and conditions in the lines of business written by us would be expected to preclude coverage for virus-related claims, court decisions and governmental actions may challenge the validity of any exclusions or our interpretation of how such terms and conditions operate.

Global health crises have historically contributed to financial market volatility, supply chain disruptions, price inflation, and material and labor shortages, all of which may negatively impact our business. Furthermore, since our results of operations are partially dependent on the performance of our investment portfolio, a global health crisis' impact on the economy and financial markets could reduce our net investment income and result in realized investment losses in future periods. The macroeconomic effects of a global health crisis may persist for an indefinite period, even after it has subsided. We cannot anticipate all the ways in which global health crises could adversely impact our business in the future.

A significant portion of our business is generated in California, and as a result, we are more significantly exposed to California loss activity and regulatory environments, including regulatory constraints on pricing, underwriting actions, and the timing or approval of rate changes.

Our policyholders and insurance risks are currently concentrated in California, which generated 30.9% of our gross written premiums for the year ended December 31, 2025 and 24.6% for the nine months ended September 30, 2026. We are exposed to business, economic, political, judicial and regulatory risks due to this concentration that are greater than the risks faced by insurance companies with a lower concentration of their premiums in California. Any single, major catastrophe event, series of events or other condition causing significant losses in California could materially adversely affect our business, financial condition and results of operations. This may include catastrophes even where we do not insure against the loss, such as the 2025 California wildfires, as homes and businesses lost or damaged due to catastrophe events may cancel or not renew their policies with us following such events. Additionally, unfavorable business, economic or regulatory conditions in California may result in a significant reduction of our premiums or increase our loss exposure. Changes to insurance-related laws or regulations in California could also adversely affect our business. In addition, the California Department of Insurance has continued to implement regulatory reforms, including changes to catastrophe modeling and rate regulation. We cannot predict how these or other regulatory changes may affect our California business. Delays in obtaining adequate rate approvals or restrictions on underwriting actions could reduce our ability to respond to changing loss trends and effectively manage catastrophe exposure.

We could be adversely affected by the loss of one or more key executives or by an inability to attract and retain qualified personnel.

We depend on our ability to attract and retain experienced personnel and seasoned key executives who are knowledgeable about our business. The pool of talent from which we recruit is limited and may fluctuate based on market dynamics specific to our industry and independent of overall economic conditions. As such, increased demand for employees with the desired skills and expertise could lead to increased compensation expectations for existing and prospective personnel, making it difficult for us to retain and recruit key personnel and maintain labor costs at desired levels.

In particular, our future success is substantially dependent on the continued service of our Founder, Chief Executive Officer and Chairman, Mac Armstrong, our Chief Financial Officer, T. Christopher Uchida, and our President, Jon Christianson, as well as other members of our senior management team. Should any of our key executives terminate their employment with us, or if we are unable to retain and attract talented personnel, we may be unable to maintain our current competitive position in the specialized markets in which we operate, which could adversely affect our results of operations.

We rely on a select group of third-party brokers and program administrators, and such relationships may not continue or may not perform as expected.

The distribution networks of our products are multi-faceted and distinct to each line of business. Our relationships with third-party brokers or program administrators may be discontinued or materially modified at any time. Even if these relationships do continue, they may not be on terms that are profitable for us. We distribute a significant portion of our Earthquake products through relationships with certain third-party program administrators. Each of the products managed by these program administrators operates as a separate program that is governed by an independent, separately negotiated agreement with unique terms and conditions, including geographic scope, key person provisions, economics and exclusivity. These programs also feature separate managerial oversight and leadership, policy administration systems and retail agents originating policies.

For the year ended December 31, 2025, our largest third-party program administrator distributed $411.0 million, or 20.3% of our gross written premiums. There were no other third-party program administrators that distributed greater than 10% of our gross written premiums for the year ended December 31, 2025.

For the nine months ended September 30, 2026, our largest third-party program administrator distributed $320.3 million, or 15.8% of our gross written premiums. There were no other third-party program administrators that distributed greater than 10% of our gross written premiums for the nine months ended September 30, 2026.

Our largest third-party program administrator, Arrowhead General Insurance Agency, distributes our Value Select Residential Earthquake program, which represents the majority of our Residential Earthquake premium and is administered through a mutually exclusive agreement for the states of California, Oregon and Washington. The agreement remains in effect until terminated by either party upon 180 days' prior written notice to the other party for cause. The termination of a relationship with one or more significant third-party brokers or program administrators could result in lower gross written premiums and could have a material adverse effect on our results of operations or business prospects.

Because we provide our program administrators with specific quoting and binding authority, if any of them fail to comply with pre-established guidelines, our results of operations could be adversely affected.

We market and distribute certain of our insurance products through program administrators that have limited quoting and binding authority and that, in turn, sell our insurance products to insureds through retail agents and wholesale brokers. These program administrators can bind certain risks without our expressed approval. If any of these program administrators fail to comply with our underwriting guidelines and the terms of their appointments, we could be bound on a particular risk or number of risks that were not anticipated when we developed the insurance products or estimated losses and loss adjustment expenses. Such actions could adversely affect our results of operations.

Because our business depends on insurance brokers and program administrators, we are exposed to certain risks arising from our reliance on these distribution channels that could adversely affect our results.

Certain premiums from policyholders, where the business is produced by brokers, are collected directly by the brokers and forwarded to our insurance subsidiaries. In certain jurisdictions, when an insured pays its policy premium to its broker for payment to us, the premium might be considered to have been paid under applicable insurance laws and regulations. Accordingly, the insured would no longer be liable to us for those amounts, whether or not we have received the premium from the broker. Consequently, we assume a degree of credit risk associated with the brokers with which we work. We review the financial condition of potential new brokers before we agree to transact business with them. Although the failure of any of our brokers to remit premiums to us has not been material to date, there may be instances where our brokers collect premiums but do not remit them to us and we may be required under applicable law to provide the coverage set forth in the policy despite the related premiums not being paid to us. Additionally, the loss or disruption of business from our agents and brokers or the failure or inability of these agents and brokers to successfully market our insurance products could have a material adverse effect on our business, financial condition, and results of operations.

Because the possibility of these events occurring depends in large part upon the financial condition and internal operations of our brokers, we regularly meet and communicate with our brokers, monitor broker behavior, and review broker financial information as needed. If we are unable to collect premiums from our brokers in the future, our underwriting profits may decline, and our financial condition and results of operations could be materially and adversely affected.

Competition for business in our industry is intense, which may result in pricing pressure, reduced underwriting margins, or changes in market share.

We face competition from other specialty insurance companies, standard insurance companies and underwriting agencies that are larger than we are and that have greater financial, marketing, technological, and other resources than we do. Some of these competitors also have longer operating histories and more market recognition than we do in certain lines of business. In addition, we compete against state or other publicly managed enterprises including the California Earthquake Authority ("CEA"), the National Flood Insurance Program, and the Texas Wind Insurance Association. If the CEA were to provide coverage to non-CEA member carriers or lessen the capital requirements for membership, we would face additional competition in our markets, and our operating results could be adversely affected. Furthermore, it may be difficult or prohibitively expensive for us to implement or maintain technology systems and processes that are competitive with those of larger insurers.

Competition in the insurance industry is based on many factors, including price of coverage, the general reputation and perceived financial strength of the company, relationships with brokers, terms and conditions of products offered, ratings assigned by independent rating agencies, speed of claims payment, and the experience and reputation of the members of our underwriting team in the particular lines of insurance and reinsurance we seek to underwrite. In recent years, the insurance industry has undergone increasing consolidation and capital inflows, which may further intensify competition and pricing pressure.

Certain new, proposed or potential industry or legislative developments could further increase competition in our industry. For example, increased capital-raising by companies with whom we compete could result in new entrants to our markets and an excess of capital in the industry. Additionally, the possibility of federal regulatory reform of the insurance industry could increase competition from standard carriers.

We may not be able to continue to compete successfully in the insurance markets. Increased competition in these markets could result in a change in the supply and demand for insurance, affect our ability to price our products at risk-adequate rates and retain existing business, or underwrite new business on favorable terms. If increased competition limits our ability to transact business, our operating results could be adversely affected.

If actual renewals of our existing policies do not meet expectations, our written premium in future periods and our future results of operations could be materially adversely affected.

Most of our insurance policies are written for a one-year term. In our financial forecasting process, we make assumptions about renewal rates, pricing, and retention of our prior year's policies. The insurance and reinsurance industries have historically been

cyclical, with periods of intense competition often driven by excess capital, leading to pricing pressure. If actual renewals do not meet expectations or if we choose not to write a renewal due to pricing conditions, our written premium in future years and our results of operations would be materially adversely affected.

Our failure to accurately and timely evaluate and pay claims could materially and adversely affect our business, financial condition, results of operations, and prospects.

We must accurately and timely evaluate and pay claims that are made under our policies. Many factors affect our ability to do so, including the training and experience of our claims representatives and third-party claims administrators ("TPAs"), the effectiveness of our management, our ability to develop, select and implement appropriate procedures and systems to support our claims functions, and adequacy of our claims management controls and oversight. Our failure to evaluate and pay claims accurately and timely could lead to regulatory and administrative actions or material litigation, undermine our reputation in the marketplace, and materially and adversely affect our business, financial condition, results of operations, and prospects.

If we do not manage our TPAs effectively, or if our TPAs are unable to effectively manage our volume of claims, our ability to manage our claims workload could be adversely affected. In addition to potentially requiring that growth be slowed in the affected markets, our business could suffer from decreased quality of claims handling, which could adversely affect our results of operations.

We may act based on inaccurate or incomplete information regarding the accounts we underwrite.

We rely on information provided by insureds or their representatives when underwriting insurance policies. While we may make inquiries and take other steps to validate or supplement this information, we may make underwriting and pricing decisions based on incorrect or incomplete information. It is possible that we will misunderstand the nature or extent of the activities or facilities and the corresponding risks we insure as a result of our reliance on inadequate or inaccurate information.

We may change our underwriting guidelines or business strategy without stockholder approval.

Our management has the authority to change our underwriting guidelines or our strategy without notice to, or approval from, our stockholders. As a result, we may make fundamental changes to our operations without stockholder approval, which could result in our pursuing a strategy or implementing underwriting guidelines that may be materially different from those described in our public filings.

Our employees could take excessive risks, which could negatively affect our financial condition and business.

As an insurance enterprise, we are in the business of binding certain risks. The employees who conduct our business, including executive officers and other members of management, underwriters, product managers and other employees, do so in part by making decisions that expose us to risk. These include decisions such as setting underwriting guidelines and standards, product design and pricing, determining which business opportunities to pursue, and other decisions. We endeavor, in the design and implementation of our compensation programs and practices, to avoid giving our employees incentives to take excessive risks. Employees may, however, take such risks regardless of the structure of our compensation programs and practices. Similarly, although we employ controls and procedures designed to monitor employees' business decisions and prevent them from taking excessive risks, these controls and procedures may not be effective. If our employees take excessive risks, such risks could have a material adverse effect on our financial condition and business operations.

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

Our future capital requirements depend on many factors, including our ability to write new business and to establish premium rates and reserves at levels sufficient to cover losses. Many factors will affect the amount and timing of our capital needs, including our growth rate and profitability, claims experience, availability and cost of reinsurance, market disruptions, and other unforeseeable developments. If we need to raise additional capital, equity or additional debt financing may not be available, or may only be available on unfavorable terms. Equity financings would result in dilution to our stockholders, while additional debt financings could subject us to additional or revised covenants that restrict our ability to freely operate our business. If we cannot obtain adequate capital on favorable terms or at all, we may not have sufficient funds to implement our operating plans and our business, financial condition or results of operations could be materially adversely affected.

We may not be able to manage our growth effectively.

We have experienced significant growth in our employee base in recent periods, including through acquisitions. In addition, we intend to continue to grow our business in the future, which could require additional capital, technology development, and skilled personnel. To grow effectively, we must be able to meet our capital needs and expand our systems, technology, and internal controls in a timely and effective manner. We also must allocate our human resources effectively, including identifying, hiring, and retaining qualified employees, and successfully integrating the operations, systems, and personnel of any businesses we may acquire in our

effort to achieve growth. The failure to manage our growth effectively could have a material adverse effect on our business, financial condition, and results of operations.

We face risks associated with the evaluation of potential acquisitions, the integration of acquired businesses, and the introduction of new products, lines of business, and markets.

As part of our business strategy, we may make acquisitions, including acquisitions in lines of business that are natural adjacencies. For example, we recently completed the acquisition of Gray Surety in January 2026 and the acquisitions of FIA and AAP in 2025. The success of our acquisition strategy is dependent upon our ability to identify appropriate acquisition targets, negotiate transactions on favorable terms, complete transactions, access adequate financing on acceptable terms, and successfully integrate them into our existing businesses. We may not realize the anticipated benefits of acquisitions we have completed or may complete in the future, and we may not be able to effectively integrate acquired businesses, including their operations, systems and personnel, which could materially adversely affect our business, financial condition and results of operations.

If acquisitions are made, we may not realize the anticipated benefits of such acquisitions, including, but not limited to, revenue growth, operational efficiencies, or expected synergies. Many of the businesses and assets that we have acquired or may acquire have unaudited historical financial statements or records prepared by the management of such companies and have not been, or will not be, independently reviewed or audited. We cannot be certain that the financial statements or records of companies or assets we have acquired or may acquire would not, or will not, be materially different if such statements were independently reviewed or audited. If such statements were to be materially different, the goodwill, tangible and intangible assets we acquire may be more susceptible to impairment charges, which could have a material adverse effect on us.

In addition, many of the businesses that we acquire and develop will likely have smaller-scale operations prior to the implementation of our growth strategy. If our growth continues, it may place a significant strain on our management team and on our operational and financial systems, procedures, and controls. If we cannot manage the growing complexity of these businesses, including improving, refining, or revising our systems and operational practices, enlarging the scale and scope of the businesses, and integrating the new business into our culture and operations, our business may be adversely affected.

From time to time, either through acquisitions or internal development, we enter new distribution channels or lines of business or offer new products and services within existing lines of business. These new distribution channels, lines of business, or new products and services present additional risks, particularly in instances where the markets are not fully developed. Such risks include the investment of significant time and resources to recruit, hire, and retain personnel and develop the products, the risks involved with the management of the integration process and development of new processes and systems to accommodate complex programs, and the risk of financial guarantees and additional liabilities associated with these efforts.

Failure to manage these risks arising from acquisitions or development of new businesses could materially and adversely affect our business, results of operations, and financial condition.

Our operating results have varied from quarter to quarter and may not be indicative of our long-term prospects.

Our operating results are subject to fluctuation and have historically varied from quarter to quarter. We expect our quarterly results to continue to fluctuate in the future due to a number of factors, including the general economic conditions in the markets in which we operate, the frequency and severity of catastrophe or other insured events, fluctuations in interest rates, claims exceeding our loss reserves, competition in our industry, deviations from expected premium retention rates of our existing policies, volatility in investment performance, including gains and losses on our equity securities, and the cost of reinsurance coverage.

In addition, the insurance and reinsurance industries have historically been cyclical, characterized by periods of intense price competition due to excess underwriting capacity (soft market cycle) which decrease premium levels as well as periods when shortages of capacity increase premium levels (hard market cycle). We expect our business and results of operations to continue to be impacted by these market cycles.

We seek to underwrite products and make investments to achieve favorable returns on tangible stockholders' equity over the long term. Our opportunistic nature and focus on long-term growth in tangible equity may result in fluctuations in gross written premiums, reinsurance expenses, loss expenses, and other underwriting expenses from period to period as we concentrate on underwriting contracts that we believe will generate better long-term, rather than short-term, results. Accordingly, our short-term results of operations may not be indicative of our long-term prospects.

Our 2026 Credit Agreement contains restrictions and covenants that limit our operating flexibility, and any borrowings under our 2026 Credit Agreement expose us to additional risks and may adversely affect our financial condition and future financial results.

We have entered into the 2026 Credit Agreement, which provides for revolving and term loan credit facilities. Borrowings under the 2026 Credit Agreement may impact our business and financial condition by:

- Requiring the dedication of a portion of our expected cash flows from operations to service our debt, thereby reducing the amount of expected cash flows available for other purposes, including investing, and paying claims and operating expenses; and

- Exposing us to interest rate risk since the interest rate in the 2026 Credit Agreement is a variable rate.

In addition, the 2026 Credit Agreement contains financial covenants, restrictions on indebtedness, liens, investments, mergers, dispositions, prepayment of other indebtedness and dividends and other distributions. The financial covenants in the 2026 Credit Agreement require that we do not exceed a maximum debt-to-capital ratio and maintain a minimum net worth at the end of each quarter. Our insurance subsidiaries are also required to maintain a minimum risk-based capital ratio at the end of each year and must always maintain a minimum A.M. Best Financial Strength rating. All of these covenants and restrictions impact how we operate our business and may limit our flexibility in planning for, or reacting to, changes in our business and industry. Our ability to comply with these covenants may be affected by events beyond our control. If we breach any of the covenants and do not obtain a waiver from our lenders, then, subject to applicable cure periods, any outstanding debt may be declared immediately due and payable.

Volatility in crop prices, as a result of weather conditions or other events, could adversely impact the performance of our crop business and our results of operations.

Weather conditions, including too much moisture (flooding or excessive rainfall), insufficient moisture (droughts), and the level of crop prices in the commodities market, heavily impact our crop insurance products. These factors are inherently unpredictable and could result in significant volatility in our operating results from period to period. Our results could also be negatively impacted by pests, plant disease or other biological risks. A significant decline in the commodity prices for one or more of the major crops that we insure could have a material adverse effect on our results of operations or financial condition. We also write certain coverages exposed to livestock prices and use put options to hedge a portion of that exposure, which may not fully offset adverse price movements.

Instability in the surety market, resulting from construction defaults, contractual disputes, or evolving regulatory requirements, could negatively impact the performance of our surety products.

Fluctuations in construction industry performance, defaults on bonded projects, contractual disagreements and regulatory changes are inherent risks in the surety insurance industry. These events may lead to increased challenges in underwriting, claims management, and regulatory compliance. If we are unable to effectively manage the impact of these risks, we could face increased loss reserves, higher underwriting losses, and increased operating costs, all of which could materially adversely affect our financial performance and overall profitability.

Risks Related to the Economic Environment

Adverse economic factors, including recession, inflation, periods of high unemployment or lower economic activity could result in the sale of fewer policies than expected or an increase in the frequency of claims and premium defaults, and even the falsification of claims, or a combination of these effects, which, in turn, could affect our growth and profitability.

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

We underwrite a significant portion of our insurance in California. An economic downturn which particularly impacts California could have an adverse effect on our financial condition and results of operations.

Changes in global trade policies, including the imposition of tariffs, along with broader economic uncertainty, could contribute to financial market volatility, interest rate fluctuations, and disruptions to the sectors we insure.

Ongoing global economic uncertainty, including the effects of inflation, interest rate volatility, and changes in international trade policies such as the imposition of tariffs, could have wide-ranging impacts on the markets in which we operate. These conditions may lead to shifts in consumer behavior, changes in exposure levels across personal and commercial lines, and increased costs associated with claims, operations, and policy administration. In addition, market volatility may negatively impact the performance of our investment portfolio and influence policyholder behavior. These developments, including inflation, tariffs and supply-chain

disruptions, may increase the cost of construction materials, auto parts, labor and other inputs used to settle claims, increasing claim severity, reserve requirements and pressure on underwriting margins, which could adversely affect our financial results, capital position and ability to execute our long-term business strategy.

Performance of our investment portfolio is subject to a variety of investment risks that may adversely affect our financial results.

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

Our primary market risk exposures relate to changes in interest rates and credit quality considerations. Future increases in interest rates could cause the values of our fixed maturity securities portfolios to decline, with the magnitude of the decline depending on the duration of securities included in our portfolio and the amount by which interest rates increase. Interest rate fluctuations can also impact the business and results of operations of the companies that issue fixed maturity securities and may cause a decline in fair value of their securities. Some fixed maturity securities have call or prepayment options, which create reinvestment risk in declining rate environments. Other fixed maturity securities, such as mortgage-backed and asset-backed securities, carry prepayment risk or, in a rising interest rate environment, may not prepay as quickly as expected.

The value of our investment portfolio is subject to the risk that certain investments may default or become impaired due to deterioration in the financial condition of one or more issuers of the securities we hold, or due to deterioration in the financial condition of an insurer that guarantees an issuer's payments on such investments. Such deteriorations may be caused or magnified by interest rate fluctuations. Downgrades in the credit ratings of fixed maturities also have a significant negative effect on the market valuation of such securities.

Such factors could reduce our net investment income and result in realized investment losses. Our investment portfolio is subject to increased valuation uncertainties when investment markets are illiquid. The valuation of investments is more subjective when markets are illiquid, thereby increasing the risk that the estimated fair value at which we carry securities does not reflect prices at which actual transactions would occur.

We also invest in marketable equity securities. These securities are carried on the balance sheet at fair market value and are subject to potential losses and declines in market value based on the performance of equity markets.

Risks for all types of securities are managed through the application of our investment policy, which establishes investment parameters that include, but are not limited to, maximum percentages of investment in certain types of securities and minimum levels of credit quality, which we believe are within applicable guidelines established by the National Association of Insurance Commissioners ("NAIC"), and the respective state insurance departments regulating each of our insurance company subsidiaries.

Although we seek to preserve our capital, we cannot be certain that our investment objectives will be achieved, and results may vary substantially over time. In addition, although we seek to employ investment strategies that are not correlated with our insurance and reinsurance exposures, losses in our investment portfolio may occur at the same time as underwriting losses and, therefore, exacerbate the adverse effect of the losses on us.

Our investment portfolio could also be adversely impacted by ratings downgrades, increased bankruptcies and credit spread widenings caused by economic downturns or other events. Severe economic downturns could cause impairments in our fixed income portfolio. In addition, declines in fixed income yields would result in decreases in net investment income from future investment activity, including re-investments.

We have invested, and may in the future invest, a small percentage of our investment portfolio in private companies, limited partnerships and other less liquid instruments, which we believe provide strategic opportunities. These types of investments are typically illiquid, and we have limited ability to take actions that protect or increase the value of this type of investment. In addition, we have invested, and may in the future invest, in securities that we classify as held-to-maturity, which may have no active market, may be valued using significant unobservable inputs, and, in the case of instruments such as surplus notes, may have payments that are subject to regulatory approval and may be deferred. Net losses from these investments or impairment of these investments may negatively impact our operating results.

We could be forced to sell investments to meet our liquidity requirements.

We invest the premiums we receive from our insureds until they are needed to pay policyholder claims. Consequently, we seek to manage the duration of our investment portfolio based on the duration of our losses and loss adjustment expense reserves to provide sufficient liquidity and avoid having to liquidate investments to fund claims. Risks such as inadequate loss and loss adjustment reserves, a significant catastrophe event, or unfavorable litigation trends could potentially result in the need to sell

investments to fund these liabilities. We may not be able to sell our investments at favorable prices, or at all. Sales could result in significant realized losses depending on the conditions of the general market, interest rates, and credit issues with individual securities.

Risks Related to Technology

The failure or disruption of our information technology and telecommunications systems could adversely affect our business.

Our business is highly dependent on our information technology and telecommunications systems, including our underwriting system. We rely on these systems to interact with brokers and insureds, underwrite business, prepare policies and process premiums, perform actuarial and other modeling functions, process claims and make claims payments, and prepare internal and external financial statements and information. Some of these systems may include or rely on third-party systems not located on our premises or under our control. Events such as natural catastrophes, pandemics, cyber-attacks, terrorist acts, industrial accidents, system vulnerabilities, or malware may cause our systems to fail or be inaccessible for extended periods of time. While we have implemented business contingency plans and other reasonable plans to protect our systems, sustained or repeated system failures or service denials could severely limit our ability to write and process new and renewal business, provide customer service, pay claims in a timely manner or otherwise operate in the ordinary course of business.

A portion of our employees work remotely and outside of our primary offices on a regular basis. We believe remote work increases the need for our information technology and telecommunications systems to work properly and creates additional operational risk and difficulty should these systems fail.

Security breaches or cyber-attacks could expose us to liability and damage our reputation and business.

Our operations depend on the reliable and secure processing, storage, and transmission of confidential and other data and information in our computer systems and networks. Computer viruses, hackers, employee misconduct, and other external hazards could expose our systems to security breaches, cyber-attacks or other disruptions.

Cyberthreats are constantly evolving and becoming increasingly sophisticated and complex, making it increasingly difficult to detect and successfully defend against them. In addition, cyber-attackers (which may include individuals or groups, as well as sophisticated groups such as nation-state and state-sponsored attackers, which can deploy significant resources to plan and carry out exploits) also develop and deploy viruses, worms, credential stuffing attack tools and other malicious software programs, some of which may be specifically designed to attack our products, information systems or networks. Outside parties have in the past and may in the future attempt to fraudulently induce our employees or users of our products or services to disclose sensitive, personal or confidential information via illegal electronic spamming, phishing or other tactics.

While we have implemented security measures and employee training designed to protect against breaches of security and other interference with our systems and networks, our systems and networks may be, and at times are, subject to breaches or interference. Any such event may result in operational disruptions as well as unauthorized access to or the disclosure or loss of our proprietary information or our customers' data and information, which in turn may result in legal claims, regulatory scrutiny and liability, reputational damage, the incurrence of costs to eliminate or mitigate further exposure, the loss of customers or affiliated advisors, reputational harm or other damage to our business. While we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses.

Increased regulatory and public disclosure requirements related to cybersecurity incidents could exacerbate the harm to our business, financial condition and results of operations. Even if we successfully protect our technology infrastructure and the confidentiality of sensitive data, we could suffer harm to our business and reputation if attempted security breaches are publicized. We cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities, attempts to exploit vulnerabilities in our systems, data thefts, physical system or network break-ins or inappropriate access, or other developments will not compromise or breach the technology or other security measures protecting the networks and systems used in connection with our business.

We employ third-party licensed software for use in our business, and the inability to maintain these licenses, problems with the software we license, or increases to the cost of software licenses could adversely affect our business.

Multiple areas of our business rely on certain third-party software obtained under licenses from other companies, and we expect to continue to rely on such third-party software in the future. Unforeseen issues may arise in third-party software platforms which may have an adverse impact on our operations. Integration of new third-party software or modifications to our existing third-party software may require substantial investment of our time and resources. The inability to integrate or operate third-party software successfully or the inadequacy of third-party software may have a material adverse impact on our operations. In addition, the cost of third-party software is significant and we expect it to increase in the future. If we have issues with the functionality or expense of third-party software, we may not be able to identify or implement acceptable alternatives in a timely manner, or at all. Many of the risks associated with the use of third-party software cannot be eliminated, and these risks could negatively affect our business.

Additionally, the software powering our technology systems incorporates software covered by open-source licenses. The terms of many open-source licenses have not been interpreted by U.S. courts, and there is a risk that the licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to operate our systems. In the event that portions of our proprietary software are determined to be subject to an open-source license, we could be required to publicly disclose the affected portions of our source code or re-engineer all or a portion of our technology systems, each of which could reduce or eliminate the value of our technology systems. Such risk could be difficult or impossible to eliminate and could adversely affect our business, financial condition, and results of operations.

Control weaknesses or failures in cloud-based software could adversely affect our business.

We use cloud-based third-party software to host applications and support key financial and operational systems, and we expect to expand their use in the future. We will increasingly rely on third-party software providers to maintain appropriate controls and safeguards to protect the integrity of our data and any information we transmit, including personal, personally identifiable, sensitive, confidential or proprietary information. While we conduct due diligence on these cloud providers with respect to their security and business controls, we may not have the visibility to effectively monitor the implementation and efficacy of these controls. If these controls do not operate effectively, we may not be able to rely on their software and cyber attackers may be able to exploit vulnerabilities, resulting in operational disruption, data loss, defects or a cybersecurity event. Migrating our software to the cloud increases the risk of operational disruption should internet service be interrupted. While we have implemented business contingency and other plans to facilitate continuous internet access, sustained or concurrent service denials or similar failures could limit our ability to write and process new and renewal business, provide customer service, pay claims in a timely manner, maintain our accounting function, or otherwise operate our business. Any such event or failure could have a material adverse effect on our business, financial condition and results of operations.

The growth and evolution of artificial intelligence (AI) will impact our business and operations.

We are incorporating AI and AI-adjacent technology and tools in certain business processes and workflows and expect AI to have a more meaningful impact on our Company in the future. While we are attempting to implement AI deliberately to enhance automation, efficiency, and risk management, we believe it introduces several additional risks. The increased investment in and reliance on AI for business processes creates risks should AI not provide the anticipated benefits or operate as anticipated. There are numerous AI-adjacent tools which may improve the efficiency or effectiveness of our processes, and there is a risk that we do not implement the correct tools or do not implement the tools effectively. While we issue guidelines to employees on the use of AI, employees may use it in unanticipated ways that introduce additional risk to us. Generative AI tools may provide inaccurate, incomplete or false information, introduce biases or otherwise adversely affect our operations, financial results or regulatory compliance. We also use AI to support risk selection, underwriting, pricing, and claims handling; if the analyses or recommendations these tools produce are, or are alleged to be, inaccurate, biased, or unfairly discriminatory, whether due to flawed algorithms, insufficient or biased data, or deficient training methodologies, our business, results of operations, reputation, and regulatory standing could be adversely affected.

There is also risk around third-party use of AI as our customers, software vendors and other service providers are increasingly incorporating AI into their processes, which may expose us to additional risks should they not be able to incorporate the technology effectively. Our competitors may incorporate AI more effectively than we do, causing us to lose market share. We also believe AI increases the information technology and cybersecurity risks described above and could enhance cyberattack capabilities. AI-related issues, deficiencies and/or failures could adversely impact our operations, damage our reputation, and give rise to legal or regulatory action.

While we aim to develop and use AI deliberately and responsibly, we cannot anticipate all of the ways AI will impact us and cannot guarantee that the risks associated with AI use will be fully mitigated. Failure to manage AI risks could adversely impact our business.

Risks Related to Laws and Regulations

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

Our insurance company subsidiaries, PSIC, PESIC, FIA and PCSC, are subject to extensive rules and regulations enforced by the insurance regulator of the state in which they are commercially domiciled. To a lesser degree, they are also subject to regulations in the other states in which they operate. Our Bermuda domiciled reinsurance subsidiary, Palomar Specialty Reinsurance Company Bermuda Ltd. (“PSRE”), is subject to regulation in Bermuda.

Most insurance regulations are designed to protect the interests of insurance policyholders, as opposed to the interests of investors or stockholders. These regulations generally are administered by a department of insurance in each state and relate to, among

other things, capital and surplus requirements, investment and underwriting limitations, affiliate transactions, dividend limitations, changes in control, solvency and a variety of other financial and non-financial aspects of our business. Significant changes in these laws and regulations could further limit our discretion or make it more expensive to conduct our business. State insurance regulators and the Bermuda Monetary Authority (the "BMA"), also conduct periodic examinations of the affairs of insurance and reinsurance companies and require the filing of annual and other reports relating to financial condition, holding company issues and other matters. These regulatory requirements may impose timing and expense constraints that could adversely affect our ability to achieve some or all our business objectives.

Our U.S. insurance subsidiaries are part of an "insurance holding company system" within the meaning of applicable state statutes and regulations. As a result of such status, certain transactions between our U.S. insurance subsidiaries and one or more of their affiliates, such as a tax sharing agreement or cost sharing arrangement, may not be effected unless the insurer has provided notice of that transaction to the respective state regulator, at least 30 days prior to engaging in the transaction, and the regulator has not disapproved such transaction within the 30-day time period. These prior notification requirements may result in business delays and additional business expenses. If any of our U.S. insurance subsidiaries fail to file a required notification or fail to comply with other applicable insurance regulations, we may be subject to significant fines and penalties and our working relationship with the state insurance regulators may be impaired.

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

Our U.S. insurance subsidiaries are subject to risk-based capital requirements, based upon the "risk-based capital model" adopted by the NAIC, and other minimum capital and surplus restrictions imposed under the laws of the state in which they are domiciled. These requirements establish the minimum amount of risk-based capital necessary for a company to support its overall business operations. The model identifies property and casualty insurers that may be inadequately capitalized by looking at certain inherent risks of each insurer's assets and liabilities and its mix of net written premium. Insurers falling below a calculated threshold may be subject to varying degrees of regulatory action, including supervision, rehabilitation or liquidation. Failure by any of our U.S. subsidiaries to maintain risk-based capital at the required levels could adversely affect their ability to maintain regulatory authority to conduct business.

PSRE is subject to Bermuda's Economic Substance Act 2018 and the Economic Substance Regulations 2018 (together, the "ES Requirements"). As an insurance company, our Bermuda subsidiary conducts a relevant activity and is subject to the ES Requirements. As a result, our Bermuda subsidiary may be required to change or increase our business operations in Bermuda to meet these requirements.

Laulima is subject to regulation by the Hawaii Department of Commerce and Consumer Affairs, Hawaii Insurance Division which requires that Laulima comply with Hawaii Statutes and Insurance Code. If Laulima is unable to comply with the applicable insurance regulations in Hawaii, it may be subject to significant fines and penalties and its working relationship with the Hawaii Department of Commerce and Consumer Affairs, Hawaii Insurance Division may be impaired.

FIA is subject to regulation by the New Jersey Department of Banking and Insurance, which requires that FIA comply with New Jersey Statutes and Insurance Code. Failure to meet these regulatory requirements could result in substantial fines or penalties and may negatively affect FIA's relationship with the New Jersey Department of Banking and Insurance.

PCSC is subject to regulation by the Louisiana Department of Insurance and must comply with applicable Louisiana insurance laws and regulations. Failure to comply with these requirements may result in regulatory action, including fines, penalties, or other sanctions, and could adversely affect PCSC's ability to conduct business in Louisiana.

Unexpected changes in the interpretation of our coverage or provisions, including loss limitations and exclusions, in our policies could have a material adverse effect on our financial condition and results of operations.

There can be no assurances that specifically negotiated loss limitations or exclusions in our policies will be enforceable in the manner we intend. As industry practices and legal, judicial, social, and other conditions change, unexpected and unintended issues related to claims and coverage may emerge. For example, many of our policies limit the period during which a policyholder may bring a claim, which may be shorter than the statutory period under which such claims can be brought against our policyholders. While these limitations and exclusions help us assess and mitigate our loss exposure, it is possible that a court or regulatory authority or an

executive action could nullify or void a limitation or exclusion, such as limitations on business interruption claims caused by pandemics or other crises, or legislation could be enacted modifying or barring the use of such limitations or exclusions. These types of governmental actions could result in higher than anticipated losses and loss adjustment expenses, which could have a material adverse effect on our financial condition or results of operations. In addition, court decisions, such as the 1995 Montrose decision in California could read policy exclusions narrowly so as to expand coverage, thereby requiring insurers to create and write new exclusions.

These issues may adversely affect our business by either broadening coverage beyond our underwriting intent or by increasing the frequency or severity of claims. In some instances, these changes may not become apparent until sometime after we have issued insurance contracts that are affected by the changes. As a result, the full extent of liability under our insurance contracts may not be known for many years after a contract is issued.

Our crop insurance business is subject to extensive regulation and non-compliance with the regulations or changes in the regulations may adversely impact our business.

Palomar Crop Insurance Services, Inc. ("PCIS") participates in the federal crop insurance program and is impacted by any regulatory and legislative changes affecting that program. For example, the reinsurance levels that the federal government provides to authorized carriers could be reduced by future legislation. Additionally, the United States Department of Agriculture's Risk Management Agency ("RMA") establishes policy terms and conditions, rates and forms and is also responsible for setting compliance standards for our Crop insurance policies. We report all details of policies to the RMA and are party to a Standard Reinsurance Agreement ("SRA") which sets out the relationship between private insurance companies and the Federal Crop Insurance Corporation. Noncompliance with any of the aforementioned regulations or legislative changes to the federal crop insurance program may impact PCIS' ability to write crop insurance premiums in the future.

We may become subject to additional government or market regulation, including additional regulation around cybersecurity and AI, which may have a material adverse impact on our business.

Our business could be adversely affected by changes in state laws, including those relating to asset and reserve valuation requirements, surplus requirements, limitations on investments and dividends, enterprise risk and risk-based capital requirements, and, at the federal level, by laws and regulations that may affect certain aspects of the insurance industry, including proposals for preemptive federal regulation. The U.S. federal government generally has not directly regulated the insurance industry except for certain areas of the market, such as insurance for flood, nuclear and terrorism risks. However, the federal government has undertaken initiatives or considered legislation in several areas that may affect the insurance industry, including tort reform, corporate governance and the taxation of reinsurance companies. In addition, the Bermuda reinsurance regulatory framework has become subject to increased scrutiny in many jurisdictions. As a result, the BMA has implemented and imposed additional requirements on the companies it regulates, which requirements could adversely impact the operations of PSRE.

Government mandates and/or legislative changes related to mandated premium refunds or credits and extended premium grace periods, could have a material adverse effect on our results of operations and financial condition. Premium grace periods could significantly increase our expenses while decreasing our short-term revenues which would adversely impact our liquidity.

Additionally, in response to the growing threat of cyber-attacks in the insurance industry, cybersecurity regulations have been adopted, which, among other things, require insurance companies to establish and maintain a cybersecurity program and implement and maintain cybersecurity policies and procedures. In 2017, the NAIC adopted its Insurance Data Security Model Law, intended to serve as model legislation for states to enact in order to govern cybersecurity and data protection practices of insurers, insurance agents, and other licensed entities registered under state insurance laws. We are required to abide by the provisions of and file compliance certifications pertaining to this legislation.

We routinely transmit and receive personal, confidential and proprietary data and information by electronic means and are subject to numerous data privacy laws and regulations enacted in the jurisdictions in which we do business, including recent laws in California whose impact on our business is difficult to predict.

While we have implemented cybersecurity policies and procedures, there is no guarantee our policies and procedures will protect our systems against all attacks or comply with all provisions of these evolving regulations.

In addition, regulatory standards relating to the use of artificial intelligence are evolving, and certain states have issued regulatory guidance to insurance companies on the use of AI. Certain states have adopted the NAIC Model Bulletin on the Use of Artificial Intelligence, while the New York Department of Financial Services issued a circular letter on the use of AI in insurance underwriting and pricing. Such state guidance on the use of AI sets forth expectations that companies have governance and risk management practices in place to ensure the use of AI complies with various state laws governing the business of insurance.

Changes in tax laws as a result of the enactment of tax legislation could impact our operations and profitability.

Future tax legislation or changes to tax laws such as changing the corporate or personal tax rate or changes to allowed tax deductions could have a negative impact on our results of operations and profitability by causing us to incur additional tax expense or by having a financial impact on our policyholders. In particular, because PSRE is domiciled in Bermuda, changes in U.S. tax laws affecting reinsurance arrangements between U.S. insurers and their non-U.S. affiliates - including legislative proposals to limit or eliminate the deductibility of premiums ceded to affiliated offshore reinsurers - could increase our effective tax rate or otherwise adversely affect our results of operations, and any such changes could apply retroactively.

If states increase the assessments we are required to pay, our business, financial condition and results of operations would suffer.

Certain jurisdictions in which PSIC is admitted to transact business require property and casualty insurers doing business within that jurisdiction to participate in insurance guaranty associations. These organizations pay contractual benefits owed pursuant to insurance policies issued by impaired, insolvent or failed insurers. They levy assessments, up to prescribed limits, on all member insurers in a particular state based on the proportionate share of the premiums written by member insurers in the lines of business in which the impaired, insolvent or failed insurer is engaged. States may also assess admitted companies to fund their respective department of insurance operations. Some states permit member insurers to recover assessments paid through full or partial premium tax offset or in limited circumstances by surcharging policyholders.

PSIC is licensed to conduct insurance operations on an admitted basis in 50 states. As PSIC grows, its share of any assessments in each state in which it underwrites business on an admitted basis may increase. We cannot predict with certainty the amount of future assessments, because they depend on factors outside our control, such as insolvencies of other insurance companies as well as the occurrence of significant catastrophes. Assessments may be covered by our catastrophe XOL treaties and, to the extent we have experienced a net loss from an event in excess of our net retention, assessments would be recovered from our reinsurers with no additional expense to us. Although reinsurance makes the reinsurer liable to us to the extent the risk is transferred or ceded to the reinsurer, it does not relieve us (the ceding insurer) of our primary liability to our policyholders. Significant assessments could result in higher operating expenses and have a material adverse effect on our business, financial condition, or results of operations. In addition, while some states permit member insurers to recover assessments paid through full or partial premium tax offset or, in limited circumstances, by surcharging policyholders, there is no certainty that offsets or surcharges will be permitted in connection with any future assessments.

Because we are a holding company and substantially all our operations are conducted by our insurance subsidiaries, our ability to pay dividends depends on our ability to obtain cash dividends or other permitted payments from our insurance subsidiaries.

The continued operation and growth of our business will require substantial capital. Because we are a holding company with no business operations of our own, our ability to support our growth and return capital to stockholders, including through dividends and share repurchases, largely depends on dividends and other distributions from our insurance subsidiaries, PSIC, PESIC, PSRE, FIA, and PCSC.

The payment of cash dividends reduces the cash otherwise available to us for other purposes, including funding operations, debt service, acquisitions, and share repurchases, and there can be no assurance that our dividend payments will not adversely affect our liquidity or capital resources, particularly in the event of significant catastrophe losses or other unanticipated cash needs. In addition, our ability to pay dividends is subject to restrictions under our 2026 Credit Agreement and applicable state insurance and Bermuda insurance regulations affecting the ability of our insurance subsidiaries to pay dividends or make distributions to us, as described below and in Note 13 to the condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report.

Insurance laws in jurisdictions such as various U.S. states and Bermuda restrict the ability of our subsidiaries to declare stockholder dividends. State insurance regulators require insurance companies to maintain specified levels of statutory capital and surplus. The maximum dividend distribution absent the approval or non-disapproval of the insurance regulatory authority in Oregon, California, Arizona, New Jersey, and Louisiana is limited by Oregon law at ORS 732.576, California law at Cal. Ins. Code 1215.5(g), Arizona Revised Statute 20-481, New Jersey statute N.J.S.A. 17:27A-4, and Louisiana law at La. R.S. 22:691.7.

Under Oregon statute, dividend payments from PSIC are further limited to that part of available policyholder surplus that is derived from net profits on our business. State insurance regulators have broad powers to prevent the reduction of statutory surplus to inadequate levels, and there is no assurance that dividends up to the maximum amounts calculated under any applicable formula would be permitted. Moreover, state insurance regulators that have jurisdiction over the payment of dividends by PSIC, PESIC, FIA, and PCSC may in the future adopt statutory provisions more restrictive than those currently in effect.

PSRE is highly regulated and is required to comply with various conditions before it is able to pay dividends or make distributions to us. Bermuda law, including the Insurance Act 1978, as amended (“Insurance Act”) and the Companies Act 1981, as amended (“Companies Act”) impose restrictions on PSRE’s ability to pay dividends to us based on solvency margins and surplus and

capital requirements. These restrictions, and any other future restrictions adopted by the BMA, could have the effect, under certain circumstances, of significantly reducing dividends or other amounts payable to us by PSRE without affirmative approval of the BMA.

Any determination to pay dividends in the future, including whether we continue to pay dividends at all, in the current amount, or on a quarterly schedule, will be at the discretion of our Board of Directors and will depend upon results of operations, financial condition, capital requirements, restrictions imposed by applicable law and other factors our Board of Directors deems relevant. If we reduce or discontinue dividends, investors may need to rely on price appreciation, which may never occur, to realize any gains on their investment.

The effects of litigation on our business are uncertain and could have an adverse effect on our business.

As is typical in our industry, we continually face risks associated with litigation of various types, including disputes relating to insurance claims under our policies as well as other general commercial and corporate litigation. Although we are not currently involved in any material litigation with our customers, other members of the insurance industry are the target of class action lawsuits and other types of litigation, some of which involve claims for substantial or indeterminate amounts, and the outcomes of which are unpredictable and can be influenced by evolving legal trends, including third-party litigation funding and social inflation. This litigation is based on a variety of issues, including insurance and claim settlement practices. We cannot predict with any certainty whether we will be involved in such litigation in the future or what impact such litigation would have on our business.

We rely on the use of credit scoring in pricing and underwriting certain of our insurance policies and any legal or regulatory requirements that restrict our ability to access credit score information could decrease the accuracy of our pricing and underwriting process and thus decrease our ability to be profitable.

We use credit scoring as a factor in pricing and underwriting decisions where allowed by state law. Consumer groups and regulators have questioned whether the use of credit scoring unfairly discriminates against some groups of people and are calling for laws and regulations to prohibit or restrict the use of credit scoring in underwriting and pricing. Laws or regulations that significantly curtail or regulate the use of credit scoring, if enacted in states in which we operate, could impact the integrity of our pricing and underwriting processes, which could, in turn, materially and adversely affect our business, financial condition, results of operations and prospects, and make it harder for us to be profitable over time.

Failure to protect our intellectual property rights could impair our ability to protect our intellectual property, proprietary technology platform and brand, or we may be sued by third parties for alleged infringement of their proprietary rights.

Our success and ability to compete depend in part on our intellectual property, which includes our rights in our proprietary technology platform and our brand. We primarily rely on copyright, trade secret and trademark laws, and confidentiality agreements with our employees, customers, service providers, partners and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property may be inadequate. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Additionally, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability and scope of our intellectual property rights. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand and adversely impact our business.

Our success also depends in part on us not infringing on the intellectual property rights of others. Our competitors, as well as a number of other entities and individuals, may own or claim to own intellectual property relating to our industry. In the future, third parties may claim that we are infringing on their intellectual property rights, and we may be found to be infringing on such rights. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our services, or require that we comply with other unfavorable terms. Even if we were to prevail in such a dispute, any litigation could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

Changes in accounting standards and future pronouncements may materially affect our reported financial results.

Developments in accounting practices may require us to incur considerable additional expenses to comply, particularly if we are required to prepare information relating to prior periods for comparative purposes or to apply the new requirements retroactively. Our consolidated financial statements are prepared in accordance with Generally Accepted Accounting Principles (“GAAP”). The impact of changes in GAAP cannot be predicted, but may affect the calculation of net income, stockholders’ equity, and other relevant financial statement line items.

In addition to compliance with GAAP on a consolidated basis, many of our subsidiaries are required to comply with statutory accounting principles (“SAP”). SAP and various components of SAP are subject to constant review by the NAIC and its task forces and committees, as well as state insurance departments to address emerging issues and otherwise improve financial reporting. Various proposals are pending before committees and task forces of the NAIC, some of which, if enacted, could have negative effects on

insurance industry participants. The NAIC continuously examines existing laws and regulations. We cannot predict whether or in what form such reforms will be enacted and, if so, whether the enacted reforms will positively or negatively affect us.

We incur significant costs as a public company, and our management is required to devote substantial time to complying with public company regulations.

As a public company, we incur certain legal, accounting, and other expenses that we would not incur as a private company. We are subject to the reporting requirements of the Exchange Act, which require, among other things, that we file with the SEC annual, quarterly, and current reports with respect to our business and financial condition and therefore we need to have the ability to prepare financial statements that comply with all SEC reporting requirements on a timely basis. In addition, we are subject to other reporting and corporate governance requirements, including certain requirements of and certain provisions of the Sarbanes-Oxley Act and the regulations promulgated thereunder, which impose significant compliance obligations upon us. In particular, we must perform system and process evaluation and testing of our internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Our compliance with Section 404 requires that we incur substantial accounting expense and expend significant management efforts. We must maintain accounting and finance staff and consultants with appropriate public company reporting, technical accounting, and internal control knowledge to satisfy the ongoing requirements of Section 404 and provide internal audit services.

The Sarbanes-Oxley Act and the Dodd-Frank Act, as well as new rules subsequently implemented by the SEC and Nasdaq, have increased regulation of, and imposed enhanced disclosure and corporate governance requirements on, public companies. We expect disclosure requirements to increase in the future and expand to areas such as climate change and greenhouse gas emissions. Our efforts to comply with these evolving laws, regulations and standards increase our operating costs and divert management's time and attention from revenue-generating activities.

These requirements also place significant additional demands on our finance and accounting staff and on our financial accounting and information systems. We must retain accounting and financial staff with appropriate public company reporting experience and technical accounting knowledge. Other expenses associated with being a public company include increased auditing, accounting and legal fees and expenses, investor relations expenses, increased directors' fees and director and officer liability insurance costs, registrar and transfer agent fees and listing fees, as well as other expenses. As a public company, we are required, among other things, to:

- prepare and file periodic reports and distribute other stockholder communications, in compliance with the federal securities laws and requirements of Nasdaq;
- define and expand the roles and the duties of our Board of Directors and its committees;
- institute comprehensive compliance and investor relations functions; and
- evaluate and maintain our system of internal control over financial reporting, and report on management's assessment thereof, in compliance with rules and regulations of the SEC and the Public Company Accounting Oversight Board.

We may not be successful in complying with these requirements, and compliance with them could materially adversely affect our business. These requirements increase our costs and may cause us to reduce costs in other areas of our business or increase the prices of our products or services. For example, these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors, our Board committees or as executive officers.

In addition, if we fail to implement and maintain the required controls with respect to our internal accounting and audit functions, our ability to report our results of operations on a timely and accurate basis could be impaired. If we do not implement the required controls in a timely manner or with adequate compliance, we may be subject to sanctions or investigation by regulatory authorities, such as the SEC or Nasdaq. Any such action could harm our reputation and the confidence of our investors and customers and could negatively affect our business and cause the price of our shares of common stock to decline.

We are required by Section 404 of the Sarbanes-Oxley Act to evaluate the effectiveness of our internal control over financial reporting. If we are unable to achieve and maintain effective internal controls, our operating results and financial condition could be harmed and the market price of our common stock may be negatively affected.

As a public company with SEC reporting obligations, we are required to document and test our internal control procedures to satisfy the requirements of Sections 404(a) and Section 404(b) of the Sarbanes-Oxley Act, which require annual assessments by management of the effectiveness of our internal control over financial reporting and an attestation report by our independent registered

public accounting firm on the effectiveness of our internal control over financial reporting. We must implement and maintain substantial internal control systems and procedures to satisfy the reporting requirements under the Exchange Act.

During our assessments, we may identify deficiencies that we are unable to remediate in a timely manner. Testing and maintaining our internal control over financial reporting may also divert management's attention from other matters that are important to the operation of our business. We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. If we conclude that our internal control over financial reporting is not effective, the cost and scope of remediation actions and their effect on our operations may be significant. Moreover, any material weaknesses or other deficiencies in our internal control over financial reporting may impede our ability to file timely and accurate reports with the SEC. Any of the above could cause investors to lose confidence in our reported financial information or our common stock listing on Nasdaq to be suspended or terminated, which could have a negative effect on the trading price of our common stock.

Applicable insurance laws may make it difficult to effect a change of control.

Under applicable state insurance laws and regulations which govern our subsidiaries' operations, no person may acquire control of a domestic insurer until written approval is obtained from the state insurance commissioner following a public hearing on the proposed acquisition. Such approval would be contingent upon the state insurance commissioner's consideration of a number of factors including, among others, the financial strength of the proposed acquiror, the acquiror's plans for the future operations of the domestic insurer and any anti-competitive results that may arise from the consummation of the acquisition of control. State insurance laws and regulations pertaining to changes of control apply to both the direct and indirect acquisition of ten percent or more of the voting stock of an insurer domiciled in that state. Accordingly, the acquisition of ten percent or more of our common stock would be considered an indirect change of control of Palomar Holdings, Inc. and would trigger the applicable change of control filing requirements under state insurance laws and regulations, absent a disclaimer of control filing and its acceptance by the respective state insurance departments. These requirements may discourage potential acquisition proposals and may delay, deter or prevent a change of control of Palomar Holdings, Inc., including through transactions that some or all of the stockholders of Palomar Holdings, Inc. might consider to be desirable.

Risks Related to Ownership of Our Common Stock

Future transactions in which we raise capital may negatively affect our stock price.

We are currently a "Well-Known Seasoned Issuer" and may file automatic shelf registration statements at any time with the SEC. Sales of substantial amounts of shares of our common stock or other securities under our current or future shelf registration statements could lower the market price of our common stock and impair our ability to raise capital through the sale of equity securities.

Our operating results and stock price may be volatile, or may decline regardless of our operating performance, and holders of our common stock could lose all or part of their investment.

Our quarterly operating results are likely to fluctuate in the future as a publicly traded company. In addition, securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could subject the market price of our shares to wide price fluctuations regardless of our operating performance. Although we believe we have adequate sources of liquidity over the short- and long-term, the success of our operations, the global economic outlook, and the pace of sustainable growth in our markets, among other factors, could impact our business and liquidity. You should consider an investment in our common stock to be risky, and you should invest in our common stock only if you can withstand a significant loss and wide fluctuation in the market value of your investment. The market price of our common stock is likely to continue to be subject to significant fluctuations in response to the factors described in this "Risk Factors" section and other factors, many of which are beyond our control. Among the factors that could affect our stock price are:

- market conditions in the broader stock market;
- actual or anticipated fluctuations in our quarterly financial and operating results;
- introduction of new products or services by us or our competitors;
- issuance of new or changed securities analysts' reports or recommendations;
- results of operations that vary from expectations of securities analysts and investors;
- short sales, hedging and other derivative transactions in our common stock;

- guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;
- strategic actions by us or our competitors;
- announcements by us, our competitors or our acquisition targets;
- sales, or anticipated sales, of large blocks of our stock, including by our directors, executive officers and principal stockholders;
- additions or departures in our Board of Directors, senior management or other key personnel;
- regulatory, legal or political developments;
- public response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- litigation and governmental investigations;
- changing economic conditions;
- changes in accounting principles;
- any indebtedness we may incur or securities we may issue in the future;
- default under agreements governing our indebtedness;
- exposure to capital and credit market risks that adversely affect our investment portfolio or our capital resources;
- changes in our credit ratings;
- changes in corporate tax rates;
- interest or exchange rate fluctuations; and
- other events or factors, including those from natural disasters, war, pandemics, acts of terrorism, cyber-attacks or responses to these events.

The securities markets have from time to time experienced extreme price and volume fluctuations that often have been unrelated or disproportionate to the operating performance of particular companies. As a result of these factors, investors in our common stock may not be able to resell their shares at or above the price at which they purchased their shares. These broad market fluctuations, as well as general market, economic and political conditions, such as recessions, loss of investor confidence or interest rate changes, may negatively affect the market price of our common stock.

In addition, the stock markets, including Nasdaq, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to securities class action litigation that, even if unsuccessful, could be costly to defend, divert management's attention and resources or harm our business.

Anti-takeover provisions in our organizational documents could delay or prevent a change in management and limit our share price.

Provisions in our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of us, even if such a change in control would increase the value of our common stock and prevent attempts by our stockholders to replace or remove our current Board of Directors or management.

Our charter documents contain anti-takeover provisions that will hinder takeover attempts and could reduce the market value of our common stock or prevent sale at a premium. Our anti-takeover provisions:

- permit the Board of Directors to establish the number of directors and fill any vacancies and newly created directorships;
- provide, through 2027, that our Board of Directors is classified into three classes with staggered, three year terms and that directors may only be removed for cause;
- require, through 2027, super-majority voting to amend provisions in our certificate of incorporation and bylaws;

- include blank-check preferred stock, the preference, rights and other terms of which may be set by the Board of Directors and could delay or prevent a transaction or a change in control that might involve a premium price for our common stock or otherwise benefit our stockholders;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- specify that special meetings of our stockholders can be called only by our Board of Directors, the chairman of our Board of Directors, or our chief executive officer;
- prohibit stockholder action by other than unanimous written consent;
- provide that vacancies on our Board of Directors may be filled only by a majority of directors then in office, even though less than a quorum;
- prohibit cumulative voting in the election of directors; and
- establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a period of time.

Our certificate of incorporation and bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our certificate of incorporation and bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for the following civil actions:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty by any of our directors, officers, employees or agents or our stockholders;
- any action asserting a claim arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware;
- any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or our bylaws; or
- any action asserting a claim governed by the internal affairs doctrine.

However, this provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, this provision applies to Securities Act claims and Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such provision, and our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. This choice of forum provision, if enforced, may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation and bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, financial condition or results of operations.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock depends, in part, on the research and reports that securities or industry analysts publish about us or our business and our industry. If one or more of the analysts who cover us downgrades our common stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our common stock could decrease, which could cause our stock price and trading volume to decline.

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

Share Repurchases

Our purchases of our equity securities in the third quarter of fiscal year 2026 were:

	Total Number of Shares Purchased	Average Price Paid Per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Plans	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[2]
				($ in thousands)
July 1, 2026 to July 31, 2026	—	$ —	—	$ 163,181
August 1, 2026 to August 31, 2026	—	—	—	163,181
September 1, 2026 to September 30, 2026	70,000	126.93	70,000	154,295
Total	70,000	$ 126.93	70,000	

(1) Average Price Paid Per Share excludes cash paid for commissions.

(2) On April 30, 2026, our Board of Directors approved the adoption of a share repurchase program, effective May 6, 2026, which replaced the 2025 Repurchase Program and authorized the repurchase of up to $200 million of outstanding shares of common stock through May 6, 2028.

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

On September 4, 2026, Angela Grant, the Company's Chief Legal Officer, entered a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act, providing for the exercise of stock options and sale of up to 1,254 shares of common stock underlying such options and the sale of up to 1,848 shares of the Company's common stock. Pursuant to this plan, Ms. Grant may sell shares beginning December 4, 2026 and ending May 31, 2027.

On September 11, 2026, T. Christopher Uchida, the Company's Chief Financial Officer, entered a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act, providing for the exercise of stock options and sale of up to 168 shares of common stock underlying such options and the sale of up to 9,827 shares of the Company's common stock. Pursuant to this plan, Mr. Uchida may sell shares beginning December 11, 2026 and ending May 31, 2027.

On September 13, 2026, Jon Christianson, the Company's President, entered a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act, providing for the exercise of stock options and sale of up to 6,924 shares of common stock underlying such options and the sale of up to 12,000 shares of the Company's common stock. Pursuant to this plan, Mr. Christianson may sell shares beginning December 13, 2026 and ending May 31, 2027.

None of our other directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K) during the quarter ended September 30, 2026.

Item 6. Exhibits

Exhibit Number	Description
31.1	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents
104	Cover Page formatted as Inline XBRL and contained in Exhibit 101

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.

Palomar Holdings, Inc.

Date: November 5, 2026

By: /s/ Mac Armstrong
Mac Armstrong
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Date: November 5, 2026

By: /s/ T. Christopher Uchida
T. Christopher Uchida
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mac Armstrong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Palomar 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 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 5, 2026

/s/ Mac Armstrong
Mac Armstrong
Chairman of the Board and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, T. Christopher Uchida, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Palomar 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 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 5, 2026

/s/ T. Christopher Uchida
T. Christopher Uchida
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 on Form 10-Q of Palomar Holdings, Inc. (the "Company") for the quarter ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Mac Armstrong, as Chief Executive Officer of the Company, and T. Christopher Uchida, Chief Financial Officer, hereby certify pursuant to Title 18, Chapter 63, Section 1350 of the United States Code, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; 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 5, 2026	By:	/s/ Mac Armstrong
	Name:	Mac Armstrong
	Title:	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
Date: November 5, 2026	By:	/s/ T. Christopher Uchida
	Name:	T. Christopher Uchida
	Title:	Chief Financial Officer (Principal Financial and Accounting Officer)