

**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 June 30, 2023

OR

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

For the transition period from ____ to ____

Commission file number 001-39754

Doma Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

84-1956909

(I.R.S. Employer Identification No.)

101 Mission Street, Suite 1050

San Francisco, California

(Address of Principal Executive Offices)

94105

(Zip Code)

(650) 419-3827

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	DOMA	The New York Stock Exchange
Warrants, 25 whole warrants exercisable for one share of common stock at an exercise price of \$287.50 per share	DOMAW	*

* The warrants are trading on the OTC Pink Marketplace under the symbol "DOMAW".

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

[Table of Contents](#)

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, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer 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

The registrant had outstanding 13,436,915 shares of common stock as of August 4, 2023.

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	<u>Pages</u>
<u>Part I - Financial Information</u>	
<u>Item 1.</u> <u>Condensed Consolidated Financial Statements (Unaudited):</u>	4
<u>Condensed Consolidated Balance Sheets (Unaudited)</u>	4
<u>Condensed Consolidated Statements of Operations (Unaudited)</u>	5
<u>Condensed Consolidated Statements of Comprehensive Loss (Unaudited)</u>	6
<u>Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)</u>	7
<u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u>	8
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	9
<u>Item 2.</u> <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	34
<u>Item 3.</u> <u>Quantitative and Qualitative Disclosures About Market Risks</u>	54
<u>Item 4.</u> <u>Controls and Procedures</u>	54
<u>Part II - Other Information</u>	55
<u>Item 1.</u> <u>Legal Proceedings</u>	55
<u>Item 1A.</u> <u>Risk Factors</u>	55
<u>Item 2.</u> <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	55
<u>Item 3.</u> <u>Defaults Upon Senior Securities</u>	55
<u>Item 4.</u> <u>Mine Safety Disclosures</u>	55
<u>Item 5.</u> <u>Other Information</u>	55
<u>Item 6.</u> <u>Exhibits</u>	56
<u>Signatures</u>	57

Introductory Note

On July 28, 2021 (the “Closing Date”), Capitol Investment Corp. V (“Capitol”) consummated a business combination (the “Business Combination”) with Doma Holdings, Inc., a Delaware corporation (“Old Doma”), pursuant to the agreement and plan of merger, dated March 2, 2021, by and among Capitol, Capitol V Merger Sub, Inc., a wholly owned subsidiary of Capitol (“Merger Sub”), and Old Doma (as amended on March 18, 2021, the “Agreement”). In connection with the closing of the Business Combination, Old Doma changed its name to States Title Holding, Inc. (“States Title”), Capitol changed its name to Doma Holdings, Inc. (“Doma”) and Old Doma became a wholly owned subsidiary of Doma. Doma continues the existing business operations of Old Doma as a publicly traded company.

Unless the context otherwise requires, references herein to “company,” “Company,” “Doma,” “we,” “us,” “our” and similar terms refer to Doma Holdings, Inc. (f/k/a Capitol Investment Corp. V) and its consolidated subsidiaries. References to “Capitol” refer to our predecessor company prior to the consummation of the Business Combination. References to “Old Doma” refer to Old Doma prior to the Business Combination and to States Title, the wholly owned subsidiary of Doma, upon the consummation of the Business Combination.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this “Quarterly Report”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We have based these forward-looking statements on our current expectations and projections about future events. All statements, other than statements of present or historical fact included in this Quarterly Report, about our plans, strategies and prospects, both business and financial, are forward-looking statements. Any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “continue,” “goal,” “project” or the negative of such terms or other similar expressions. Moreover, the absence of these words does not mean that a statement is not forward-looking. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Quarterly Report. We caution you that these forward-looking statements are subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond our control.

Forward-looking statements contained in this Quarterly Report include, but are not limited to, statements about:

- our projected financial information, anticipated growth rate and market opportunity;
- our ability to maintain the listing of our common stock on the New York Stock Exchange;
- our ability to raise financing in the future and to comply with restrictive covenants related to long-term indebtedness;
- our success in retaining or recruiting, or changes required in, our officers, key employees or directors;
- the accounting of our warrants as liabilities and any changes in the value of our warrants having a material effect on our financial results;
- factors relating to our business, operations and financial performance, including:

- our ability to drive an increasing proportion of orders in both through the Doma Intelligence platform;
 - changes in the competitive and regulated industries in which we operate, variations in technology and operating performance across competitors, and changes in laws and regulations affecting our business;
 - the current and future health and stability of the economy, financial conditions and residential housing market, including any extended downturn or slowdown;
 - changes in general economic and financial conditions (including federal monetary policy, interest rates, inflation, home price fluctuations, housing inventory, labor shortages and supply chain issues) that may reduce demand for our products and services, lower our profitability or reduce our access to financing;
 - our ability to implement business plans, forecasts and other expectations, and identify and realize additional opportunities;
 - the impact on the real estate finance market from recent macroeconomic events and conditions that have resulted in a significant increase in interest rates largely due to actions of central banks, including the U.S. Federal Reserve; and
- other factors detailed under the section “Risk Factors” in our periodic filings with the Securities and Exchange Commission (the “SEC”).

Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. Additional cautionary statements or discussions of risks and uncertainties that could affect our results or the achievement of the expectations described in forward-looking statements may also be contained in any subsequent periodic report.

Should one or more of the risks or uncertainties described in this Quarterly Report occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements.

You should read this Quarterly Report completely and with the understanding that our actual future results, levels of activity and performance as well as other events and circumstances may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Part I - Financial Information
Item 1. Financial Statements

Doma Holdings, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

(In thousands, except share information)

	June 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 77,610	\$ 78,450
Restricted cash	4,934	2,933
Investments:		
Fixed maturities		
Held-to-maturity debt securities, at amortized cost (net of allowance for credit losses of \$254 at June 30, 2023 and \$440 at December 31, 2022)	41,578	90,328
Available-for-sale debt securities, at fair value (amortized cost \$58,106 at June 30, 2023 and \$59,191 at December 31, 2022)	57,021	58,254
Mortgage loans	46	297
Total investments	\$ 98,645	\$ 148,879
Trade and other receivables (net of allowance for credit losses of \$1,428 at June 30, 2023 and \$1,488 at December 31, 2022)	24,963	21,292
Prepaid expenses, deposits and other assets	5,468	8,124
Lease right-of-use assets	13,424	18,634
Fixed assets (net of accumulated depreciation of \$26,998 at June 30, 2023 and \$24,532 at December 31, 2022)	36,497	39,383
Title plants	2,716	14,533
Goodwill	27,009	46,280
Total assets	\$ 291,266	\$ 378,508
Liabilities and stockholders' equity		
Accounts payable	\$ 2,128	\$ 2,909
Accrued expenses and other liabilities	19,478	28,892
Lease liabilities	21,740	27,489
Senior secured credit agreement, net of debt issuance costs and original issue discount	153,164	154,790
Liability for loss and loss adjustment expenses	83,660	82,070
Warrant liabilities	347	347
Sponsor Covered Shares liability	96	219
Total liabilities	\$ 280,613	\$ 296,716
Commitments and contingencies (see Note 12)		
Stockholders' equity:		
Common stock, 0.0001 par value; 80,000,000 shares authorized at June 30, 2023; 13,350,733 and 13,165,919 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	\$ 1	\$ 1
Additional paid-in capital	584,525	577,515
Accumulated deficit	(572,787)	(494,787)
Accumulated other comprehensive income	(1,086)	(937)
Total stockholders' equity	\$ 10,653	\$ 81,792
Total liabilities and stockholders' equity	\$ 291,266	\$ 378,508

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

Doma Holdings, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

(In thousands, except share and per share information)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues:				
Net premiums written (1)	\$ 78,962	\$ 108,926	\$ 145,732	\$ 204,592
Escrow, other title-related fees and other	8,292	14,366	14,890	30,479
Investment, dividend and other income	1,599	452	2,599	880
Total revenues	\$ 88,853	\$ 123,744	\$ 163,221	\$ 235,951
Expenses:				
Premiums retained by Third-Party Agents (2)	\$ 58,164	\$ 74,638	\$ 107,348	\$ 135,240
Title examination expense	4,164	5,146	6,164	11,127
Provision for claims	5,780	6,310	9,739	10,921
Personnel costs	27,622	73,233	68,191	151,026
Other operating expenses	13,924	23,637	29,363	46,391
Long-lived asset impairment	1,290	—	1,471	—
Gain on sale of title plant	(3,825)	—	(3,825)	—
Total operating expenses	\$ 107,119	\$ 182,964	\$ 218,451	\$ 354,705
Loss from operations	\$ (18,266)	\$ (59,220)	\$ (55,230)	\$ (118,754)
Other (expense) income:				
Change in fair value of Warrant and Sponsor Covered Shares liabilities	108	5,193	123	19,093
Interest expense	(5,943)	(4,489)	(10,932)	(8,696)
Loss on sale of business	(11,591)	—	(11,591)	—
Loss before income taxes	\$ (35,692)	\$ (58,516)	\$ (77,630)	\$ (108,357)
Income tax expense	(185)	(136)	(370)	(321)
Net loss	\$ (35,877)	\$ (58,652)	\$ (78,000)	\$ (108,678)
Earnings per share:				
Net loss per share attributable to stockholders - basic and diluted	\$ (2.69)	\$ (4.51)	\$ (5.88)	\$ (8.38)
Weighted average shares outstanding common stock - basic and diluted	13,324,215	12,994,869	13,259,894	12,975,354

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

- (1) Net premiums written includes revenues from a related party of \$33.5 million and \$33.7 million during the three months ended June 30, 2023 and 2022, respectively. Net premiums written includes revenues from a related party of \$63.5 million and \$61.3 million during the six months ended June 30, 2023 and 2022, respectively (see Note 11).
- (2) Premiums retained by Third-Party Agents includes expenses associated with a related party of \$27.1 million and \$27.2 million during the three months ended June 30, 2023 and 2022, respectively. Premiums retained by Third-Party Agents includes expenses associated with a related party of \$51.2 million and \$49.6 million during the six months ended June 30, 2023 and 2022, respectively (see Note 11).

Doma Holdings, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)

<i>(In thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	\$ (35,877)	\$ (58,652)	\$ (78,000)	\$ (108,678)
Other comprehensive loss, net of tax:				
Unrealized gain (loss) on available-for-sale debt securities, net of tax	(483)	237	(149)	237
Comprehensive loss	<u>\$ (36,360)</u>	<u>\$ (58,415)</u>	<u>\$ (78,149)</u>	<u>\$ (108,441)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

Doma Holdings, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

<i>(In thousands, except share information)</i>	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount				
Balance, January 1, 2022	12,933,912	\$ 1	\$ 543,102	\$ (192,179)	\$ —	\$ 350,924
Exercise of stock options	38,305	—	(97)	—	—	(97)
Vesting of RSU awards	1,712	—	—	—	—	—
Stock-based compensation expense	—	—	11,579	—	—	11,579
Cumulative effect of change in accounting principle	—	—	—	(399)	—	(399)
Net loss	—	—	—	(50,026)	—	(50,026)
Balance, March 31, 2022	12,973,929	\$ 1	\$ 554,584	\$ (242,604)	\$ —	\$ 311,981
Exercise of stock options	27,700	—	271	—	—	271
Vesting of RSU awards	18,274	—	—	—	—	—
Stock-based compensation expense	—	—	8,442	—	—	8,442
Net loss	—	—	—	(58,652)	—	(58,652)
Other comprehensive income	—	—	—	—	237	237
Balance, June 30, 2022	13,019,903	\$ 1	\$ 563,297	\$ (301,256)	\$ 237	\$ 262,279

<i>(In thousands, except share information)</i>	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount				
Balance, January 1, 2023	13,165,919	\$ 1	\$ 577,515	\$ (494,787)	\$ (937)	\$ 81,792
Exercise of stock options	16,120	—	182	—	—	182
Vesting of RSU awards	37,338	—	—	—	—	—
Stock-based compensation expense	—	—	5,697	—	—	5,697
Net loss	—	—	—	(42,123)	—	(42,123)
Other comprehensive income	—	—	—	—	334	334
Balance, March 31, 2023	13,219,377	\$ 1	\$ 583,394	\$ (536,910)	\$ (603)	\$ 45,882
Exercise of stock options	2,569	—	1	—	—	1
Vesting of RSU awards	128,787	—	—	—	—	—
Stock-based compensation expense	—	—	1,130	—	—	1,130
Net loss	—	—	—	(35,877)	—	(35,877)
Other comprehensive loss	—	—	—	—	(483)	(483)
Balance, June 30, 2023	13,350,733	\$ 1	\$ 584,525	\$ (572,787)	\$ (1,086)	\$ 10,653

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

Doma Holdings, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

<i>(In thousands)</i>	Six Months Ended June 30,	
	2023	2022
Cash flow from operating activities:		
Net loss	\$ (78,000)	\$ (108,678)
Adjustments to reconcile net loss to net cash used in operating activities:		
Interest expense - paid in kind	5,228	4,960
Depreciation and amortization	6,146	6,983
Stock-based compensation expense	6,827	20,021
Amortization of debt issuance costs and original issue discount	2,354	1,332
Provision for doubtful accounts (reduction for expected credit losses)	(116)	495
Deferred income taxes	294	229
Realized gain on debt securities	—	18
Loss on disposal of fixed assets and title plants	796	51
Loss on sale of business	11,591	—
Gain on sale of title plant	(3,825)	—
Net amortization of premiums and accretion of discounts on fixed maturity securities	(495)	495
Change in fair value of Warrant and Sponsor Covered Shares liabilities	(123)	(19,093)
Long-lived asset impairment	1,471	—
Change in operating assets and liabilities, net of effects from sale of business and title plant:		
Trade and other receivables	6,994	1,825
Prepaid expenses, deposits and other assets	2,586	5,413
Lease right-of-use assets and lease liabilities	(1,147)	733
Accounts payable	(787)	(3,625)
Accrued expenses and other liabilities	(10,449)	(16,416)
Liability for loss and loss adjustments expenses	1,589	4,669
Net cash used in operating activities	\$ (49,066)	\$ (100,588)
Cash flow from investing activities:		
Proceeds from calls and maturities of investments: Held-to-maturity	\$ 110,486	\$ 16,981
Proceeds from calls and maturities of investments: Available-for-sale	1,493	-
Proceeds from sales and principal repayments of investments: Mortgage loans	251	890
Proceeds from sale of business, net of costs to sell and working capital adjustments	6,765	—
Purchases of investments: Held-to-maturity	—	(2,103)
Purchases of investments: Available-for-sale	(61,464)	(49,640)
Proceeds from sales of fixed assets	90	—
Purchases of fixed assets	(5,610)	(20,555)
Proceeds from sale of title plants, net of costs to sell, and dividends from title plants	7,241	311
Net cash provided by (used in) investing activities	\$ 59,252	\$ (54,116)
Cash flow from financing activities:		
Exercise of stock options	183	174
Repayments on senior secured credit agreement	(9,208)	—
Net cash provided by (used in) financing activities	\$ (9,025)	\$ 174
Net change in cash and cash equivalents and restricted cash	1,161	(154,530)
Cash and cash equivalents and restricted cash at the beginning period	81,383	383,828
Cash and cash equivalents and restricted cash at the end of period	\$ 82,544	\$ 229,298
Supplemental cash flow disclosures:		
Cash paid for interest	\$ 4,814	\$ 3,974
Supplemental disclosure of non-cash investing activities:		
Unrealized gain (loss) on available-for-sale debt securities	\$ (149)	\$ 237

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

Doma Holdings, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

(Amounts in thousands, except share and per share information or unless otherwise noted)

1. Organization and business operations

On July 28, 2021 (the “Closing Date”), Capitol Investment Corp. V (“Capitol”) consummated a business combination (the “Business Combination”) with Doma Holdings, Inc., a Delaware corporation (“Old Doma”), pursuant to the agreement and plan of merger, dated March 2, 2021, by and among Capitol, Capitol V Merger Sub, Inc., a wholly owned subsidiary of Capitol (“Merger Sub”), and Old Doma (as amended on March 18, 2021, the “Agreement”). In connection with the closing of the Business Combination, Old Doma changed its name to States Title Holding, Inc. (“States Title”), Capitol changed its name to Doma Holdings, Inc. (“Doma”) and Old Doma became a wholly owned subsidiary of Doma. Doma continues the existing business operations of Old Doma as a publicly traded company. See Note 3 for additional information on the Business Combination.

Unless the context otherwise requires, references herein to “company,” “Company,” “Doma,” “we,” “us,” “our” and similar terms refer to Doma Holdings, Inc. (f/k/a Capitol Investment Corp. V) and its consolidated subsidiaries. References to “Capitol” refer to our legal predecessor company prior to the consummation of the Business Combination. References to “Old Doma” refer to Old Doma prior to the Business Combination and to States Title, the wholly owned subsidiary of Doma, upon the consummation of the Business Combination.

Headquartered in San Francisco, California, Doma is a real estate technology company that is architecting the future of real estate transactions. Using machine intelligence and our proprietary technology solutions, we are creating a vastly more simple, efficient, and affordable real estate closing experience for current and prospective homeowners, lenders, title agents and real estate professionals. We are licensed to underwrite title insurance in 47 states and the District of Columbia.

Old Doma was initially formed as a wholly-owned subsidiary of States Title Inc. (“Legacy States Title”) to combine the operations of Legacy States Title and the retail agency and title insurance underwriting business (the “Acquired Business”) of North American Title Group, LLC (“NATG”), a subsidiary of Lennar Corporation (“Lennar”).

We conduct our operations through two reportable segments, (1) Distribution and (2) Underwriting. See further discussion in Note 7 for additional information regarding segment information.

2. Summary of significant accounting policies

Basis of presentation

The accompanying condensed consolidated balance sheet as of June 30, 2023 and the condensed consolidated statements of operations, condensed consolidated statements of comprehensive loss, and condensed consolidated statements of changes in stockholders’ equity for the three and six months ended June 30, 2023 and 2022 and the condensed consolidated statements of cash flows for the six months ended June 30, 2023 and 2022 are unaudited.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Accordingly, they do not include all of the financial information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of the Company’s management, the unaudited condensed consolidated financial statements include all adjustments necessary for the fair presentation of the Company’s balance sheet as of June 30, 2023 and its results of operations, including its comprehensive loss, and stockholders’ equity for the three and six months ended June 30, 2023 and 2022 and cash flows for the six months ended June 30, 2023 and 2022. All adjustments are of a normal recurring nature. The results for the three and six months ended June 30, 2023 are not necessarily indicative of the results to be expected for any subsequent quarter or for the fiscal year ending December 31, 2023. These unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements and related notes.

References to the Accounting Standard Codification (“ASC”) and Accounting Standard Updates (“ASU”) included hereinafter refer to the Accounting Standards Codification and Updates issued by the Financial Accounting Standards Board (“FASB”) as the source of authoritative U.S. GAAP. The accompanying condensed consolidated financial statements include the accounts of the Company and the accounts of the Company’s wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Reverse stock split

On June 29, 2023, the Company filed with the Secretary of State of the State of Delaware a Certificate of Amendment to its Certificate of Incorporation (the “Charter Amendment”) to effect a 1-for-25 reverse stock split of the Company’s common stock (the “Reverse Stock Split”) and a corresponding adjustment to its authorized capital stock, effective as of 11:59 p.m. Eastern Daylight Time on June 29, 2023 (the “Effective Time”). All share and per share information has been retroactively adjusted to give effect to the Reverse Stock Split for all periods presented, and discussions, in this Quarterly Report, unless otherwise indicated.

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

Proportionate adjustments were made to the number of shares issuable upon the exercise or vesting of all stock options, restricted stock awards, restricted stock units, performance restricted stock units or market-based awards (the “Stock-Based Awards”) and warrants outstanding at the Effective Time, which resulted in a proportional decrease in the number of shares of the Company’s common stock reserved for issuance upon exercise or vesting of such Stock-Based Awards and warrants. In the case of stock options and warrants, proportionate adjustments also included a proportional increase in the exercise price of such stock options and warrants. In addition, the number of shares reserved for issuance under the Company’s 2021 Omnibus Incentive Plan were proportionately reduced.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates made by management. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Significant items subject to such estimates and assumptions include, but are not limited to, reserves for incurred but not reported claims, the useful lives of property and equipment, accrued net premiums written from Third-Party Agent (as defined in Item 2) referrals, the fair value measurements, valuation of goodwill impairment, the valuations of stock-based compensation arrangements and the Sponsor Covered Shares liability (as defined below).

Trade and other receivables, net

Trade and other receivables include the following:

	June 30, 2023	December 31, 2022
Trade receivables	\$ 5,957	\$ 7,168
Accrued net premiums written from Third-Party Agent referrals	3,125	2,409
Trade receivables, gross	\$ 9,082	\$ 9,577
Allowance for credit losses	(1,428)	(1,488)
Trade receivables, net	\$ 7,654	\$ 8,089
WFG Deferred Payment receivable	10,928	—
Receivable from HSCM	4,604	—
Investment trade receivables	—	10,065
Miscellaneous other receivables	1,777	3,138
Other receivables	\$ 17,309	\$ 13,203
Trade and other receivables, net	\$ 24,963	\$ 21,292

Trade receivables are generally due within thirty to ninety days and are recorded net of an allowance for credit losses. The Company determines the allowance for credit losses by considering a number of factors, including the length of time receivables are past due, previous loss history and a specific customer’s ability to pay its obligations to the Company. Amounts deemed uncollectible are expensed in the period in which such determination is made. The WFG Deferred Payment receivable relates to the retention-based earnout in the WFG Asset Sale discussed further in Note 3. The receivable from HSCM consists of the cash proceeds from the WFG Asset Sale and from the sale of the title plant in Texas described in Note 2, net of repayments on the senior secured credit agreement, payable to the Company upon the occurrence of certain strategic events.

Title plants

Title plants are carried at cost, with costs incurred to maintain, update and operate title plants expensed as incurred. Because properly maintained title plants have indefinite lives and do not diminish in value with the passage of time, no provision has been made for depreciation or amortization. The Company analyzes the title plants for impairment when events or circumstances indicate that the carrying amount may not be recoverable. This analysis includes, but is not limited to, the effects of obsolescence, duplication, demand and other economic factors. There were no impairments of title plants for the three and six months ended June 30, 2023 and 2022. On June 9, 2023, the Company sold a title plant in Texas for a total sale price of \$7.6 million. Costs to sell the title plant were \$0.7 million. The sale of the title plant resulted in a realized gain of \$3.8 million recorded in the gain on sale of title plant line on the condensed consolidated statement of operations.

Goodwill

Goodwill represents the excess of the acquisition price over the fair value of assets acquired and liabilities assumed in a business combination. Goodwill is assigned to one or more reporting units on the date of acquisition. We review our goodwill for impairment annually on October 1 of each year and between annual tests if events or circumstances arise that would more likely than not reduce the fair value of any one of our reporting units below its respective carrying amount. In performing our annual goodwill impairment test, we first perform a qualitative assessment, which requires that we consider macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, changes in the Company's stock price, changes in management or key personnel, changes in strategy, changes in customers, changes in the composition or carrying amount of a reporting unit or other factors that have the potential to impact fair value. If, after assessing the totality of events and circumstances, we determine that it is more likely than not that the fair values of our reporting units are greater than the carrying amounts, then the quantitative goodwill impairment test is not performed. If the fair value of the reporting unit is less than its carrying amount, a non-cash impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, with the loss not exceeding the total amount of goodwill allocated to that reporting unit. Any impairment is charged to operations in the period that the impairment is identified.

Reinsurance

The Company utilizes excess of loss and quota share reinsurance programs to limit its maximum loss exposure by reinsuring certain risks with other insurers. The Company has two reinsurance treaties: the Excess of Loss Treaty and the Quota Share Treaty.

Under the Excess of Loss Treaty, we cede liability over \$15.0 million on all files. Excess of loss reinsurance coverage protects the Company from a large loss from a single loss occurrence. The Excess of Loss Treaty provides for ceding liability above the retention of \$15.0 million for all policies up to a liability cap of \$500.0 million.

Under the Quota Share Treaty, effective February 24, 2021, the Company cedes 25% of the written premium on our instantly underwritten policies.

Payments and recoveries on reinsured losses for the Company's title insurance business were immaterial during the three and six months ended June 30, 2023 and 2022.

Ceding commission from reinsurance transactions are presented as revenue within the "Escrow, other title-related fees and other" revenue line item in the consolidated statements of operations.

Total premiums ceded in connection with reinsurance are netted against the written premiums in the consolidated statements of operations. Gross premiums earned and ceded premiums are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Gross premiums earned	79,038	109,506	145,953	206,748
Ceded premiums	(76)	(580)	(221)	(2,156)
Net premiums earned	78,962	108,926	145,732	204,592
Percentage of amount assumed to net	99.9%	99.5%	99.8%	99.0%

Income taxes

Our effective tax rate for the six months ended June 30, 2023 and 2022 was (1)% as a result of a full valuation allowance recorded against the deferred tax assets. In determining the realizability of the net U.S. federal and state deferred tax assets, we consider numerous factors including historical profitability, estimated future taxable income, prudent and feasible tax planning strategies, and the industry in which we operate. As of June 30, 2023 and December 31, 2022, the Company carried a valuation allowance against deferred tax assets as management believes it is more likely than not that the benefit of the net deferred tax assets covered by that valuation allowance will not be realized. A net deferred tax liability has been recorded as of June 30, 2023 and December 31, 2022 of \$0.5 million and \$0.4 million, respectively, and is included in accrued expenses and other liabilities within the accompanying condensed consolidated balance sheets. Management reassesses the realization of the deferred tax assets each reporting period. The Company has approximately \$0.2 million of pre-2018 federal net operating losses subject to expiration beginning in 2036. The remainder of the federal net operating losses have no expiration. The Company's state net operating losses are subject to various expirations, beginning in 2030. The Company's 2019 through 2021 tax years remain open to federal examinations. The Company's 2018 through 2021 tax years remain open to state tax examinations. The Company believes that as of June 30, 2023 it had no material uncertain tax positions. Interest and penalties related to unrecognized tax expenses (benefits) are recognized in income tax expense, when applicable. There were no material liabilities for interest and penalties accrued as of June 30, 2023.

Leases

The Company determines if a contract contains a lease at inception of the contract. The Company's inventory of leases primarily consists of operating office space and office equipment leases which are recorded as a lease obligation liability and as a lease right-of-use asset on the accompanying condensed consolidated balance sheet. The lease right-of-use asset represents the Company's right to use each underlying asset for the lease term and the lease obligation liability represents the Company's obligation over the lease term. The Company's lease obligation is recorded at the present value of the lease payments based on the term of the lease. The Company applies an incremental borrowing rate of interest as of the effective date of adoption or the lease effective date equivalent to a collateralized borrowing rate with similar terms. The discount rate used to calculate the present value of our future minimum lease payments is based, where appropriate, on the Company's incremental borrowing rate of its current loan and security agreement.

Lease expenses for lease payments, where appropriate, are recognized on a straight-line basis over the lease term. Short-term leases of 12 months or less are recorded in the condensed consolidated balance sheet and lease payments are recognized on the condensed consolidated statement of operations. The Company accounts for agreements with lease and non-lease components as a single lease component. For more information on leases, refer to Note 17 of this Quarterly Report.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in financial institutions and our investment portfolio. The Company has not experienced losses on the cash accounts and management believes the Company is not exposed to significant risks on such accounts.

Additionally, we manage the exposure to credit risk in our investment portfolio by investing in high quality securities and diversifying our holdings. Our investment portfolio is comprised of corporate debt, foreign government securities, certificates of deposit, single-family residential mortgage loans, and U.S. Treasuries.

Emerging Growth Company and Smaller Reporting Company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's condensed financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Additionally, the Company is a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements.

Recently issued and adopted accounting pronouncements

In June 2016, the FASB issued ASU No. 2016-13 Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326). The amendments in this and the related ASUs introduce broad changes to accounting for credit impairment of financial instruments. The primary updates include the introduction of a new current expected credit loss ("CECL") model that is based on expected rather than incurred losses for instruments measured at amortized cost and amends the accounting for impairment of held-to-maturity securities and available-for-sale securities. This model incorporates past experience, current conditions and reasonable and supportable forecasts affecting collectability of these instruments. The amendments in this update are effective for public entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For all other entities, the amendment is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The early adoption of this new guidance on January 1, 2022 required the Company to record an allowance for credit losses for the Company's held-to-maturity investment portfolio, which resulted in an allowance of \$0.4 million and a corresponding \$0.4 million adjustment for the cumulative effect of a change in accounting principle, net of income taxes. For more information on the held-to-maturity allowance for credit losses, refer to Note 4 of this Quarterly Report. Prior to the adoption of the new guidance, the Company utilized an aging model to estimate credit losses on accounts receivable. As this aging model is allowed under the new guidance, there is no impact to the Company's allowance for credit losses for accounts receivable. The adoption of this new standard did not have a significant impact on the condensed consolidated statements of operations or the condensed consolidated statements of cash flows. The guidance also requires additional disclosures regarding the Company's held-to-maturity allowance for credit losses, which have been included within Note 4.

In February 2016, the FASB issued ASU 2016-02, Leases (“ASU 2016-02”), which provides guidance for accounting for leases. ASU 2016-02 requires lessees to classify leases as either finance or operating leases and to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months regardless of the lease classification. The lease classification will determine whether the lease expense is recognized based on an effective interest rate method or on a straight-line basis over the term of the lease. Modified or new leases subsequent to the effective date will follow ASC 2016-02. Accounting for lessors remains largely unchanged from current U.S. GAAP. Under ASU 2020-05, the effective date for adoption of ASU 2016-02 is fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. We early adopted this new guidance on January 1, 2022 under a modified retrospective transition approach using the cumulative-effect adjustment transition method approved by the FASB, which results in reporting for the comparative periods presented in accordance with the previous lease guidance under ASC 840. We elected the package of practical expedients but did not adopt the hindsight practical expedient as of January 1, 2022. The package of practical expedients allowed the Company not to reassess whether the arrangement contains a lease, lease classification and whether previously capitalized costs qualify as initial direct costs. The practical expedients allowed the Company to continue classifying all of its leases as operating leases as they were previously classified under ASC 840. The Company recognized lease liabilities of \$24.4 million and corresponding right-of-use assets of \$23.8 million in our consolidated balance sheet on January 1, 2022. The difference between the lease liabilities and corresponding right-of-use assets related to prepaid rent and deferred lease obligations recognized in prepaid expenses, deposits and other assets and accrued expenses and other liabilities, respectively, in our consolidated balance sheet on January 1, 2022, resulting in no cumulative-effect adjustment to opening equity. The new standard did not have a significant impact on the condensed consolidated statements of operations or the condensed consolidated statements of cash flows. The guidance also requires additional disclosures regarding the Company’s lease portfolio, which have been included within Note 17.

In January 2020, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes (Topic 740). ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and clarifies and amends existing guidance to improve consistent application. Specifically, ASU 2019-12 eliminates certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. ASU 2019-12 is effective for annual periods beginning after December 15, 2020, and interim periods beginning after December 15, 2020. ASU 2019-12 is effective for private entities for annual periods beginning after December 15, 2021, and interim periods beginning after December 15, 2022, with early adoption permitted. The Company adopted ASU 2019-12 under the private company transition guidance beginning January 1, 2022, and the adoption of this standard did not have a material impact on the Company’s condensed consolidated financial statements or disclosures given the Company has a full valuation allowance and the scenarios for which the guidance offer simplification are not significant for the Company.

Recently issued but not adopted accounting pronouncements

In August 2018, the FASB issued ASU 2018-12, Financial Services-Insurance (Topic 944), Targeted Improvements to the Accounting for Long-Duration Contracts, effective for fiscal years beginning after December 15, 2022 including interim periods within those fiscal years. In June of 2020, the FASB deferred the effective date of ASU 2018-12 for one-year in response to implementation challenges resulting from COVID-19. This update requires insurance companies to annually review and update the assumptions used for measuring the liability under long-duration contracts. The amendments in this ASU may be early adopted as of the beginning of an annual reporting period for which financial statements have not yet been issued, including interim financial statements. We do not currently expect to early adopt this standard. Although we have long-duration contracts, this specific guidance is not expected to impact our title insurance operations; therefore, we do not expect this standard to have a material impact on our condensed consolidated financial statements.

3. Business combinations

Capitol Business Combination

As described in Note 1, on March 2, 2021, Old Doma entered into the Agreement with Capitol, a blank check company incorporated in the State of Delaware and formed for the purpose of effecting a merger. Pursuant to the Agreement, a newly formed subsidiary of Capitol was merged with and into Old Doma, and the Business Combination was completed on July 28, 2021. The Business Combination was accounted for as a reverse recapitalization and Capitol was treated as the acquired company for financial statement reporting purposes. Old Doma was deemed the predecessor for financial reporting purposes and Doma was deemed the successor SEC registrant, meaning that Old Doma's financial statements for periods prior to the consummation of the Business Combination are disclosed in the financial statements included within this Quarterly Report and will be disclosed in Doma's future periodic reports. No goodwill or other intangible assets were recorded, in accordance with GAAP.

Immediately after the Closing Date, 53,026 shares of common stock held by the Sponsor became subject to vesting, contingent upon the price of Doma's common stock, par value \$0.0001 ("Doma common stock") exceeding certain thresholds (the "Sponsor Covered Shares"). As of June 30, 2023, there were 13,350,733 and 0 shares of common stock and preferred stock issued and outstanding, which excludes the 53,026 of Sponsor Covered Shares. All share and per share information has been retroactively adjusted to give effect to the Reverse Stock Split for all periods presented, and discussions, in this Quarterly Report, unless otherwise indicated.

On December 4, 2020, Capitol consummated its initial public offering, which included the issuance of 11,500,000 redeemable warrants (the "Public Warrants"). Simultaneously with the closing of the initial public offering, Capitol completed the private sale of 5,833,333 warrants (the "Private Placement Warrants"). These Warrants remain outstanding following the Business Combination and 25 whole warrants entitles the holder to purchase one share of our common stock at a price of \$287.50 (see Note 16 for additional information).

Immediately after the Closing Date, 20% of the aggregate of our common stock held by certain investors (collectively, the "Sponsor") became subject to vesting, contingent upon the price of our common stock exceeding certain thresholds. The Sponsor Covered Shares will vest in two tranches: (i) one-half of such shares shall vest if the last reported sale price of the common stock equals or exceeds \$375.00 for any 20 trading days within any 30-day trading period ending on or before the tenth anniversary of the Closing Date, and (ii) one-half of such shares shall vest if the last reported sale price of the common stock equals or exceeds \$437.50 for any 20 trading days within any 30-day trading period ending on or before the tenth anniversary of the Closing Date. The Sponsor is also entitled to the Sponsor Covered Shares if a covered strategic transaction or change in control, as defined by the sponsor support agreement dated as of March 2, 2021 (the "Sponsor Support Agreement") by and among the sponsors named thereto, Capitol and Old Doma, occurs prior to the ten (10)-year anniversary of the Closing Date. As of June 30, 2023, the Sponsor Covered Shares were legally outstanding; however, since none of the conditions were met, no related shares are included in the Company's condensed consolidated balance sheets and condensed consolidated statement of changes in stockholders' equity or for the purposes of calculating earnings per share.

Also following the Closing Date, the Sellers have the contingent right to receive up to an additional number of shares equal to 5% of the sum of (i) the aggregate number of outstanding shares of our common stock (including restricted common stock, but excluding Sponsor Covered Shares), plus (ii) the maximum number of shares underlying our options that are vested and the maximum number of shares underlying warrants to purchase shares of Doma common stock issued as replacement warrants for Old Doma warrants, in each case of these clauses (i) and (ii), as of immediately following the Closing Date (the "Seller Earnout Shares"). The Seller Earnout Shares are contingently issuable to the Sellers in two tranches: (i) one-half of such shares shall be issued if the last reported sale price of the common stock equals or exceeds \$375.00 for any 20 trading days within any 30-day trading period ending on or before the fifth anniversary of the Closing Date, and (ii) one-half of such shares shall be issued if the last reported sale price of the common stock equals or exceeds \$437.50 for any 20 trading days within any 30-day trading period ending on or before the fifth anniversary of the Closing Date. Since none of the conditions of the Seller Earnout Shares were met as of June 30, 2023, no related shares are included in the Company's condensed consolidated balance sheets and condensed consolidated statements of changes in stockholders' equity as of June 30, 2023 or for purposes of calculating earnings per share.

Unless the context otherwise requires or otherwise indicates, share counts of Doma common stock provided in this Quarterly Report exclude both the Sponsor Covered Shares and the Seller Earnout Shares.

North American Title Acquisition

On January 7, 2019, we acquired from Lennar its subsidiary, North American Title Insurance Company, which operated its title insurance underwriting business, and its third-party title insurance agency business, which was operated under its North American Title Company brand (collectively, the "Acquired Business"), for total stock and deferred cash consideration of \$171.7 million (the "North American Title Acquisition"), including \$87.0 million in the form of a seller financing note. Goodwill of \$111.5 million resulted from the North American Title Acquisition.

West Coast Local Retail Branch Sale

On May 19, 2023, Doma Title of California, Inc. (the "Seller") and Doma Corporate LLC, both subsidiaries of the Company, entered into and closed an asset purchase agreement (the "WFG Asset Purchase Agreement") with Williston Financial Group LLC ("WFG"). Pursuant to the terms and subject to the conditions set forth in the WFG Asset Purchase Agreement, the Seller agreed to sell to WFG certain assets used in or related to the Company's title insurance agency business operated through retail title offices located in the State of California (the "WFG Asset Sale") for an aggregate purchase price of up to \$24.5 million, subject to certain adjustments set forth in the WFG Asset Purchase Agreement. The gross purchase price for the WFG Asset Sale consists of \$10.5 million paid by WFG to the Seller on May 19, 2023 (the "WFG Sale Closing Date") and a deferred payment of up to \$14.0 million payable by WFG to the Seller within 30 days after the 12-month anniversary of the WFG Sale Closing Date ("WFG Deferred Payment"). The amount of the WFG Deferred Payment is subject to an earnout based on the retention of specified employees hired by WFG or an affiliate of WFG after the WFG Sale Closing Date. The sale includes 22 retail title locations and operations centers in the Northern and Central California regions and 123 total employees. On the WFG Sale Closing Date, the Seller and a WFG affiliate, WFG National Title Insurance Company, entered into a customary transition services agreement.

In conjunction with the WFG Asset Sale, we recognized a pre-tax loss on sale of business of \$11.6 million in the loss on sale of business line on the condensed consolidated statements of operations in the second quarter of 2023. The total fair value of the consideration transferred was \$21.4 million, representing \$10.5 million paid by WFG on the WFG Sale Closing Date and \$10.9 million fair value of the WFG Deferred Payment as of the WFG Sale Closing Date and as of June 30, 2023. The WFG Deferred Payment is recorded in trade and other receivables in the condensed consolidated balance sheets. The fair value of the WFG Deferred Payment is based on historic, Company-specific attrition rates and a discount factor based on the weighted average cost of capital, both Level 3 inputs.

The total transaction costs, including legal fees, professional fees and other, incurred in connection with the WFG Asset Sale were \$3.7 million.

The following table presents the assets sold in connection with the WFG Asset Sale:

Title plants	\$ 8,806
Fixed assets	549
Other assets	122
	<u>\$ 9,477</u>

In accordance with ASC 350, "Intangibles - Goodwill and Other," goodwill in the Distribution reporting unit of \$19.3 million was allocated to the carrying amount of the business when determining the loss on the WFG Asset Sale.

Goodwill

The Company reviews goodwill for impairment annually on October 1 and more frequently if events or changes in circumstances indicate that an impairment may exist ("a triggering event"). We determined, after performing a qualitative review of each reporting unit as of June 30, 2023, that the fair value of each reporting unit exceeded its respective carrying value. Accordingly, there was no indication of impairment and the quantitative goodwill impairment test was not performed.

The changes in the carrying value of goodwill, by segment, were as follows:

	<u>Distribution</u>	<u>Underwriting</u>	<u>Total</u>
Beginning balance, January 1, 2023	\$ 22,867	\$ 23,413	\$ 46,280
Allocation to WFG Asset Sale	(19,271)	-	(19,271)
Ending balance, June 30, 2023	<u>\$ 3,596</u>	<u>\$ 23,413</u>	<u>\$ 27,009</u>

Accumulated impairment losses to goodwill were \$65.2 million as of June 30, 2023.

4. Investments and fair value measurements

Held-to-maturity debt securities

The cost basis, fair values and gross unrealized gains and losses of our held-to-maturity debt securities are as follows:

	<u>June 30, 2023</u>				<u>December 31, 2022</u>			
	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Corporate debt securities ⁽¹⁾	\$ 37,869	\$ 2	\$ (988)	\$ 36,883	\$ 61,308	\$ 5	\$ (1,640)	\$ 59,673
U.S. Treasury securities	3,526	—	(73)	3,453	24,152	—	(165)	23,987
Foreign government securities	—	—	—	—	5,003	—	(4)	4,999
Certificates of deposit	437	—	—	437	305	—	—	305

Total	\$ 41,832	\$ 2	\$ (1,061)	\$ 40,773	\$ 90,768	\$ 5	\$ (1,809)	\$ 88,964
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(1) Includes both U.S. and foreign corporate debt securities.

The cost basis of held-to-maturity debt securities includes an adjustment for the amortization of premium or discount since the date of purchase. Held-to-maturity debt securities valued at approximately \$2.7 million and \$5.9 million were on deposit with various governmental authorities at June 30, 2023 and December 31, 2022, respectively, as required by law.

The change in net unrealized gains and losses on held-to-maturity debt securities for the six months ended June 30, 2023 and 2022 was \$0.7 million and \$(2.7) million, respectively.

Net realized gains of held-to-maturity debt securities are computed using the specific identification method and are included in the condensed consolidated statements of operations.

The following table presents certain information regarding contractual maturities of our held-to-maturity debt securities:

Maturity	June 30, 2023			
	Amortized		% of	
	Cost	Total	Fair Value	Total
One year or less	\$ 27,897	67%	\$ 27,685	68%
After one year through five years	13,935	33%	13,088	32%
Total	\$ 41,832	100%	\$ 40,773	100%

There were no held-to-maturity debt securities with contractual maturities after five years. Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Net unrealized losses on held-to-maturity debt securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position are as follows:

	June 30, 2023			December 31, 2022			
	Corporate debt securities	U.S. Treasury securities	Total	Corporate debt securities	U.S. Treasury securities	Foreign government securities	Total
Less than 12 months							
Fair value	\$ —	\$ 2,727	\$ 2,727	\$ 48,798	\$ 19,834	\$ 4,999	\$ 73,631
Unrealized losses	\$ —	\$ (67)	\$ (67)	\$ (614)	\$ (101)	\$ (4)	\$ (719)
Greater than 12 months							
Fair value	\$ 20,576	\$ 725	\$ 21,301	\$ 8,546	\$ 4,125	\$ —	\$ 12,671
Unrealized losses	\$ (988)	\$ (6)	\$ (994)	\$ (1,026)	\$ (64)	\$ —	\$ (1,090)
Total							
Fair value	\$ 20,576	\$ 3,452	\$ 24,028	\$ 57,344	\$ 23,959	\$ 4,999	\$ 86,302
Unrealized losses	\$ (988)	\$ (73)	\$ (1,061)	\$ (1,640)	\$ (165)	\$ (4)	\$ (1,809)

We believe that any unrealized losses on our held-to-maturity debt securities at June 30, 2023 are temporary based upon our current analysis of the issuers of the securities that we hold and current market conditions. We have no intent to sell, and it is more likely than not that we will not be required to sell, these securities until the fair value recovers to at least equal our cost basis or the securities mature.

Under the CECL model, the Company recognizes credit losses for its held-to-maturity debt securities by setting up an allowance which is remeasured each reporting period, with changes in the allowance recorded in the condensed consolidated statements of operations. The Company establishes an allowance for credit losses based on a number of factors including the current economic conditions, management's expectations of future economic conditions and performance indicators, such as credit agency ratings and payment and default history. As of June 30, 2023, credit agency ratings on our U.S. Treasury and corporate debt securities ranged from AAA through B2.

For our held-to-maturity debt securities, the Company's model estimates expected credit loss by multiplying the exposure at default by both the probability of default and loss given default ("LGD"). The probability of default and LGD percentages are estimated after considering historical experience with global default rates and unsecured bond recovery rates for horizons aligning to the Company's held-to-maturity debt security portfolio. The calculated allowance is recorded as an offset to held-to-maturity debt securities in the condensed consolidated balance sheets and in the investment, dividend and other income line on the condensed consolidated statements of operations.

Rollforward of Credit Loss Allowance for Held-to-Maturity Debt Securities

Beginning balance, January 1, 2023	\$	440
Current-period provision (reduction) for expected credit losses		(186)
Write-off charged against the allowance, if any		—
Recoveries of amounts previously written off, if any		—
Ending balance of the allowance for credit losses, June 30, 2023	\$	254

Rollforward of Credit Loss Allowance for Held-to-Maturity Debt Securities

Beginning balance, January 1, 2022	\$	399
Current-period provision (reduction) for expected credit losses		44
Write-off charged against the allowance, if any		—
Recoveries of amounts previously written off, if any		—
Ending balance of the allowance for credit losses, June 30, 2022	\$	443

The current-period provision for expected credit losses is due to changes in portfolio composition, the maturity of certain securities, and changes in the credit ratings of certain securities.

Available-for-sale debt securities

The cost basis, fair values and gross unrealized gains and losses of our available-for-sale debt securities are as follows:

	June 30, 2023				December 31, 2022			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Corporate debt securities ⁽¹⁾	\$ 25,949	\$ —	\$ (438)	\$ 25,511	\$ 27,251	\$ —	\$ (363)	\$ 26,888
U.S. Treasury securities	30,670	—	(612)	30,058	30,467	—	(544)	29,923
Foreign government securities	1,487	—	(35)	1,452	1,473	—	(30)	1,443
Total	<u>\$ 58,106</u>	<u>\$ —</u>	<u>\$ (1,085)</u>	<u>\$ 57,021</u>	<u>\$ 59,191</u>	<u>\$ —</u>	<u>\$ (937)</u>	<u>\$ 58,254</u>

(1) Includes both U.S. and foreign corporate debt securities.

The cost basis of available-for-sale debt securities includes an adjustment for the amortization of premium or discount since the date of purchase.

The change in net unrealized gains on available-for-sale debt securities for the six months ended June 30, 2023 and 2022 was \$(0.2) million and \$0.3 million, respectively. Any unrealized holding gains or losses on available-for-sale debt securities as of June 30, 2023 are reported as accumulated other comprehensive gain or loss, which is a separate component of stockholders' equity, net of tax, until realized.

Net realized gains on disposition of available-for-sale debt securities are computed using the specific identification method and are included in the condensed consolidated statements of operations.

The following table presents certain information regarding contractual maturities of our available-for-sale debt securities:

Maturity	June 30, 2023			
	Amortized Cost	% of		% of Total
		Total	Fair Value	
One year or less	\$ 16,690	29%	\$ 16,422	29%
After one year through five years	41,416	71%	40,599	71%
Total	\$ 58,106	100%	\$ 57,021	100%

There were no available-for-sale debt securities with contractual maturities after five years. Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Net unrealized losses on available-for-sale debt securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position are as follows:

	June 30, 2023				December 31, 2022			
	Corporate debt securities	U.S. Treasury securities	Foreign government securities	Total	Corporate debt securities	U.S. Treasury securities	Foreign government securities	Total
Less than 12 months								
Fair value	\$ 25,511	\$ 30,057	\$ 1,453	\$ 57,021	\$ 26,886	\$ 29,923	\$ 1,444	\$ 58,253
Unrealized losses	\$ (438)	\$ (612)	\$ (35)	\$ (1,085)	\$ (363)	\$ (544)	\$ (30)	\$ (937)
Greater than 12 months								
Fair value	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unrealized losses	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total								
Fair value	\$ 25,511	\$ 30,057	\$ 1,453	\$ 57,021	\$ 26,886	\$ 29,923	\$ 1,444	\$ 58,253
Unrealized losses	\$ (438)	\$ (612)	\$ (35)	\$ (1,085)	\$ (363)	\$ (544)	\$ (30)	\$ (937)

We believe that any unrealized losses on our available-for-sale debt securities at June 30, 2023 are temporary based upon our current analysis of the issuers of the securities that we hold and current market conditions. We have no intent to sell, and it is more likely than not that we will not be required to sell, these securities until the fair value recovers to at least equal our cost basis or the securities mature.

As of June 30, 2023, the Company did not have an allowance for credit losses for available-for-sale debt securities.

Mortgage loans

The mortgage loan portfolio as of June 30, 2023 is comprised entirely of single-family residential mortgage loans. During the six months ended June 30, 2023, the Company did not purchase any new mortgage loans.

Mortgage loans, which include contractual terms to maturity of thirty years, are not categorized by contractual maturity as borrowers may have the right to call or prepay obligations with, or without, call or prepayment penalties. The change in the mortgage loans during the six months ended June 30, 2023 was the result of principal prepayments and maturities.

The cost and estimated fair value of mortgage loans are as follows:

	June 30, 2023		December 31, 2022	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
Mortgage loans	\$ 46	\$ 46	\$ 297	\$ 297
Total	\$ 46	\$ 46	\$ 297	\$ 297

Investment income

Investment income from securities consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Available-for-sale debt securities	\$ 536	\$ 63	\$ 1,067	\$ 63
Held-to-maturity debt securities	525	358	1,282	746
Mortgage loans	1	18	4	40
Other	300	6	432	125
Total	\$ 1,362	\$ 445	\$ 2,785	\$ 974

Accrued interest receivable

Accrued interest receivable from investments is included in trade and other receivables, net in the condensed consolidated balance sheets. The following table reflects the composition of accrued interest receivable for investments:

	June 30, 2023	December 31, 2022
Corporate debt securities	\$ 633	\$ 834
U.S. Treasury securities	224	281
Foreign government securities	5	42
Accrued interest receivable on investment securities	\$ 862	\$ 1,157

The Company does not recognize an allowance for credit losses for accrued interest receivable, which is recorded in the trade and other receivables line in the condensed consolidated balance sheets, because the Company writes off accrued investment income timely. The Company writes off accrued interest receivables after three months by reversing interest income.

Fair value measurement

ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820") establishes a fair value hierarchy that prioritizes and ranks the level of observability of inputs used to measure financial assets or liabilities at fair value. The observability of inputs is impacted by a number of factors, including the type of asset or liability, characteristics specific to the asset or liability, market conditions and other factors. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are as follows:

- Level 1** Quoted prices (unadjusted) in active markets for identical asset or liability at the measurement date are used.
- Level 2** Pricing inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 pricing inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3** Pricing inputs are unobservable and include situations where there is little, if any, market activity for the asset or liability. The inputs used in determination of fair value require significant judgment and estimation.

When fair value inputs fall within different levels of the fair value hierarchy, the level in the fair value hierarchy within which the asset or liability is categorized in its entirety is determined based on the lowest level input that is significant to the asset or liability. Assessing the significance of a particular input to the valuation of an asset or liability in its entirety requires judgment and considers factors specific to the asset or liability. The categorization of an asset or liability within the hierarchy is based upon the pricing transparency of the asset or liability and does not necessarily correspond to the perceived risk of that asset or liability.

The following table summarizes the Company's investments measured at fair value. The Company's available-for-sale securities in the following table are recorded at fair value on the accompanying condensed consolidated balance sheets.

	Assets							
	June 30, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Held-to-maturity:								
Corporate debt securities	\$ —	\$ 36,883	\$ —	\$ 36,883	\$ —	\$ 59,673	\$ —	\$ 59,673
U.S. Treasury securities	3,453	—	—	3,453	23,987	—	—	23,987
Foreign government securities	—	—	—	—	—	4,999	—	4,999
Certificate of deposits	—	437	—	437	—	305	—	305
Total held-to-maturity debt securities	\$ 3,453	\$ 37,320	\$ —	\$ 40,773	\$ 23,987	\$ 64,977	\$ —	\$ 88,964
Available-for-sale:								
Corporate debt securities	\$ —	\$ 25,511	\$ —	\$ 25,511	\$ —	\$ 26,888	\$ —	\$ 26,888
U.S. Treasury securities	30,058	—	—	30,058	29,923	—	—	29,923
Foreign government securities	—	1,452	—	1,452	—	1,443	—	1,443
Total available-for-sale debt securities	\$ 30,058	\$ 26,963	\$ —	\$ 57,021	\$ 29,923	\$ 28,331	\$ —	\$ 58,254
Mortgage loans	\$ —	\$ —	\$ 46	\$ 46	\$ —	\$ —	\$ 297	\$ 297
Total	\$ 33,511	\$ 64,283	\$ 46	\$ 97,840	\$ 53,910	\$ 93,308	\$ 297	\$ 147,515

The Company classifies U.S. Treasury bonds within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets. Corporate debt securities and certificates of deposit are classified within Level 2 because they are valued using inputs other than quoted prices that are directly or indirectly observable in the market, including readily available pricing sources for the identical underlying security which may be actively traded. The Company classifies mortgage loans as Level 3 due to the reliance on significant unobservable valuation inputs.

The Company's liabilities in the following table are recorded at fair value on the accompanying condensed consolidated balance sheets. The following table summarizes the Company's liabilities measured at fair value:

	Liabilities							
	June 30, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Public Warrants	\$ 230	\$ —	\$ —	\$ 230	\$ 230	\$ —	\$ —	\$ 230
Private Placement Warrants	—	117	—	117	—	117	—	117
Sponsor Covered Shares	—	—	96	96	—	—	219	219
Total	\$ 230	\$ 117	\$ 96	\$ 443	\$ 230	\$ 117	\$ 219	\$ 566

The Company considers the Public Warrants to be Level 1 liabilities due to the use of an observable market quote in an active market under the ticker DOMA.WS as of June 30, 2023. For the Private Placement Warrants, the Company considers the fair value of each Private Placement Warrant to be equivalent to that of each Public Warrant, with an immaterial adjustment for short-term marketability restrictions. As such, the Private Placement Warrants are classified as Level 2.

The fair value of the Sponsor Covered Shares was determined using a Monte Carlo simulation valuation model using a distribution of potential stock price outcomes on a daily basis over the original 10-year vesting period. The unobservable significant inputs to the valuation model were as follows:

	June 30, 2023
Current stock price	\$ 4.94
Expected volatility	65.0%
Risk-free interest rate	4.0%
Expected term (years)	8.2
Expected dividend yield	—%
Annual change in control probability	2.0%

The changes for Level 3 items measured at fair value on a recurring basis using significant unobservable inputs are as follows:

	Sponsor Covered Shares
Fair value as of December 31, 2022	\$ 219
Change in fair value of Sponsor Covered Shares	(123)
Fair value as of June 30, 2023	\$ 96

There were no transfers of assets or liabilities between Level 1 and Level 2 during the three or six months ended June 30, 2023 and the year ended December 31, 2022. There were no transfers involving Level 3 assets or liabilities during the three or six months ended June 30, 2023 and the year ended December 31, 2022.

Cash and cash equivalents, restricted cash, trade and other receivables, prepaid expenses and other assets, accounts payable, and accrued expenses and other liabilities approximate fair value and are therefore excluded from the leveling table above. The cost basis is determined to approximate fair value due to the short term duration of these financial instruments.

5. Revenue recognition

Disaggregation of revenue

Our revenue consists of:

Revenue Stream	Statements of Operations Classification	Segment	Three Months Ended June 30,		Six Months Ended June 30,	
			2023	2022	2023	2022
			Total Revenue		Total Revenue	
Revenue from insurance contracts:						
Direct Agents title insurance premiums	Net premiums written	Underwriting	\$ 8,261	\$ 19,328	\$ 15,176	\$ 41,741
Third-Party Agent title insurance premiums	Net premiums written	Underwriting	70,701	89,598	130,556	162,851
Total revenue from insurance contracts			\$ 78,962	\$ 108,926	\$ 145,732	\$ 204,592
Revenue from contracts with customers:						
Escrow fees	Escrow, title-related and other fees	Distribution	\$ 5,250	\$ 10,537	\$ 9,425	\$ 22,368
Other title-related fees and income	Escrow, title-related and other fees	Distribution	9,375	19,476	17,070	41,925
Other title-related fees and income	Escrow, title-related and other fees	Underwriting	595	535	1,160	1,338
Other title-related fees and income	Escrow, title-related and other fees	Elimination(1)	(6,928)	(16,182)	(12,765)	(35,152)
Total revenue from contracts with customers			\$ 8,292	\$ 14,366	\$ 14,890	\$ 30,479
Other revenue:						
Interest and investment income (2)	Investment, dividend and other income	Distribution	\$ 542	\$ 34	\$ 1,065	\$ 75
Interest and investment income (2)	Investment, dividend and other income	Underwriting	1,218	508	2,138	917
Realized gains and losses, net	Investment, dividend and other income	Distribution	(168)	(67)	(609)	(94)
Realized gains and losses, net	Investment, dividend and other income	Underwriting	7	(23)	5	(18)
Total other revenues			\$ 1,599	\$ 452	\$ 2,599	\$ 880
Total revenues			\$ 88,853	\$ 123,744	\$ 163,221	\$ 235,951

- (1) Premiums retained by Direct Agents are recognized as income to the Distribution segment, and expense to the Underwriting segment. Upon consolidation, the impact of these internal segment transactions is eliminated. See Note 7. Segment information for additional breakdown.
- (2) Interest and investment income consists primarily of interest payments received on held-to-maturity debt securities, available-for-sale debt securities and mortgage loans.

6. Liability for loss and loss adjustment expenses

A summary of the changes in the liability for loss and loss adjustment expenses for the six months ending June 30, 2023 and 2022 is as follows:

	June 30, 2023	
	2023	2022
Balance at the beginning of the year	\$ 82,070	\$ 80,267
Provision for claims related to:		
Current year	\$ 7,582	\$ 13,025
Prior years	2,157	(2,104)
Total provision for claims	\$ 9,739	\$ 10,921
Paid losses related to:		
Current year	\$ (248)	\$ (1,608)
Prior years	(7,901)	(4,644)
Total paid losses	\$ (8,149)	\$ (6,252)
Balance at the end of the period	\$ 83,660	\$ 84,936
Provision for claims as a percentage of net written premiums	6.7%	5.3%

We continually update our liability for loss and loss adjustment expense estimates as new information becomes known, new loss patterns emerge, or as other contributing factors are considered and incorporated into the analysis. Estimating future title loss payments is difficult because of the complex nature of title claims, the long periods of time over which claims are paid, significantly varying dollar amounts of individual claims, and other factors.

Current year incurred and paid losses includes current year reported claims as well as estimated future losses on such claims.

For the six months ended June 30, 2023, the prior year's provision for claims increase of \$2.2 million is due to reported loss emergence which was higher than expected, primarily from the 2016 and 2022 policy years. This was the result of a small number of more severe claims primarily reported in 2023, most of which related to underwriting related activities. Historically, we have had favorable loss experience which has resulted in a decrease in the projection of ultimate loss for past policy years. For the six months ended June 30, 2022, the provision for claims reserve release related to prior years of \$2.1 million is due to reported loss emergence which was lower than expected. Most recently, our favorable loss experience resulted in a decrease in the projection of ultimate loss for policy years 2018, 2020, and 2021. The actuarial assumptions underlying the Company's selected ultimate loss estimates place more consideration on title insurance industry benchmarks for more recent policy years. These title insurance benchmarks are based on industry long-term average loss ratios. As the Company's claims experience matures, we refine those estimates to put more consideration to the Company's actual claims experience. For the six months ended June 30, 2022, the Company's actual claims experience reflects a lower loss ratio than industry benchmarks from a current positive underwriting cycle and resulted in the favorable development.

The liability for loss and loss adjustment expenses of \$83.7 million and \$82.1 million, as of June 30, 2023 and December 31, 2022, respectively, includes \$0.3 million and \$0.2 million, respectively, of reserves for the settlement of claims which the Company has deemed to be directly related to its escrow or agent related activities. The reserves for the settlement of claims related to escrow or agent related activities are not actuarially determined.

7. Segment information

The Company's chief operating decision maker reviews financial performance and makes decisions about the allocation of resources for our operations through two reportable segments, (1) Distribution and (2) Underwriting. The Company's reportable segments offer different products and services that are marketed through different channels for real estate closing transactions. They are managed separately because of the unique technology, service requirements and regulatory environment.

A description of each of our reportable segments is as follows.

- **Distribution:** Our Distribution segment reflects our Direct Agents operations of acquiring customer orders and providing title and escrow services for real estate closing transactions. We acquire customers through our partnerships with realtors, attorneys and non-centralized loan originators via a 53-branch footprint across seven states as of June 30, 2023 ("Local") and our partnerships with national lenders and mortgage originators that maintain centralized lending operations representing our Doma Enterprise accounts ("Doma Enterprise"). Note that after the transactions described in Note 18 in this Quarterly Report, we will no longer have a Local retail branch footprint.
- **Underwriting:** Our Underwriting segment reflects the results of our title insurance underwriting business, including policies referred through our Direct Agents and Third-Party Agents channels. The referring agents typically retain approximately 82% - 84% of the policy premiums in exchange for their services. The retention varies by state and agent.

We use adjusted gross profit as the primary profitability measure for making decisions regarding ongoing operations. Adjusted gross profit is calculated by subtracting direct costs, such as premiums retained by agents, direct labor, other direct costs, and provision for claims, from total revenue. Our chief operating decision maker evaluates the results of the aforementioned segments on a pre-tax basis. Segment adjusted gross profit excludes certain items which are included in net loss, such as depreciation and amortization, corporate and other expenses, goodwill impairment, long-lived asset impairment, change in the fair value of Warrant and Sponsor Covered Shares liabilities, interest expense, loss on sale of business, gain on sale of title plant, and income tax expense, as these items are not considered by the chief operating decision maker in evaluating the segments' overall operating performance. Our chief operating decision maker does not review nor consider assets allocated to our segments for the purpose of assessing performance or allocating resources. Accordingly, segments' assets are not presented.

The following table summarizes the operating results of the Company's reportable segments:

	Three Months Ended June 30, 2023			Consolidated total
	Distribution	Underwriting	Eliminations	
Net premiums written	\$ —	\$ 78,962	\$ —	\$ 78,962
Escrow, other title-related fees and other (1)	14,625	595	(6,928)	8,292
Investment, dividend and other income	374	1,225	—	1,599
Total revenue	\$ 14,999	\$ 80,782	\$ (6,928)	\$ 88,853
Premiums retained by agents (2)	\$ —	\$ 65,092	\$ (6,928)	\$ 58,164
Direct labor (3)	7,045	2,886	—	9,931
Other direct costs (4)	3,551	2,609	—	6,160
Provision for claims	451	5,329	—	5,780
Adjusted gross profit	\$ 3,952	\$ 4,866	\$ —	\$ 8,818
	Six Months Ended June 30, 2023			Consolidated total
	Distribution	Underwriting	Eliminations	
Net premiums written	\$ —	\$ 145,732	\$ —	\$ 145,732
Escrow, other title-related fees and other (1)	26,495	1,160	(12,765)	14,890
Investment, dividend and other income	456	2,143	—	2,599
Total revenue	\$ 26,951	\$ 149,035	\$ (12,765)	\$ 163,221
Premiums retained by agents (2)	\$ —	\$ 120,113	\$ (12,765)	\$ 107,348
Direct labor (3)	17,095	5,773	—	22,868
Other direct costs (4)	5,563	4,414	—	9,977
Provision for claims	1,251	8,488	—	9,739
Adjusted gross profit	\$ 3,042	\$ 10,247	\$ —	\$ 13,289

	Three Months Ended June 30, 2022			Consolidated total
	Distribution	Underwriting	Eliminations	
Net premiums written	\$ —	\$ 108,926	\$ —	\$ 108,926
Escrow, other title-related fees and other (1)	30,013	535	(16,182)	14,366
Investment, dividend and other income	(33)	485	—	452
Total revenue	\$ 29,980	\$ 109,946	\$ (16,182)	\$ 123,744
Premiums retained by agents (2)	\$ —	\$ 90,820	\$ (16,182)	\$ 74,638
Direct labor (3)	21,091	2,799	—	23,890
Other direct costs (4)	5,374	2,642	—	8,016
Provision for claims	1,257	5,053	—	6,310
Adjusted gross profit	\$ 2,258	\$ 8,632	\$ —	\$ 10,890

	Six Months Ended June 30, 2022			Consolidated total
	Distribution	Underwriting	Eliminations	
Net premiums written	\$ —	\$ 204,592	\$ —	\$ 204,592
Escrow, other title-related fees and other (1)	64,293	1,338	(35,152)	30,479
Investment, dividend and other income	(19)	899	—	880
Total revenue	\$ 64,274	\$ 206,829	\$ (35,152)	\$ 235,951
Premiums retained by agents (2)	\$ —	\$ 170,392	\$ (35,152)	\$ 135,240
Direct labor (3)	46,644	5,044	—	51,688
Other direct costs (4)	11,433	5,409	—	16,842
Provision for claims	1,856	9,065	—	10,921
Adjusted gross profit	\$ 4,341	\$ 16,919	\$ —	\$ 21,260

- (1) Includes fee income from closings, escrow, title exams, ceding commission income, as well as premiums retained by Direct Agents.
- (2) This expense represents a deduction from the net premiums written for the amounts that are retained by Direct Agents and Third-Party Agents as compensation for their efforts to generate premium income for our Underwriting segment. The impact of premiums retained by our Direct Agents and the expense for reinsurance or co-insurance procured on Direct Agent sourced premiums are eliminated in consolidation.
- (3) Includes all compensation costs, including salaries, bonuses, incentive payments, and benefits, for personnel involved in the direct fulfillment of title and/or escrow services. Direct labor excludes severance costs.
- (4) Includes title examination expense, office supplies, and premium and other taxes.

The following table provides a reconciliation of the Company's total reportable segments' adjusted gross profit to its total loss before income taxes:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Adjusted gross profit	\$ 8,818	\$ 10,890	\$ 13,289	\$ 21,260
Depreciation and amortization	3,071	3,747	6,146	6,983
Corporate and other expenses (1)	26,548	66,363	64,727	133,031
Long-lived asset impairment	1,290	—	1,471	—
Change in fair value of Warrant and Sponsor Covered Shares liabilities	(108)	(5,193)	(123)	(19,093)
Interest expense	5,943	4,489	10,932	8,696
Loss on sale of business	11,591	—	11,591	—
Gain on sale of title plant	(3,825)	—	(3,825)	—
Loss before income taxes	\$ (35,692)	\$ (58,516)	\$ (77,630)	\$ (108,357)

- (1) Includes corporate and other costs not allocated to segments including corporate support function costs, such as legal, finance, human resources, technology support and certain other indirect operating expenses, such as sales and management payroll, and incentive related expenses.

As of June 30, 2023 and December 31, 2022 the Distribution segment had allocated goodwill of \$3.6 million and \$22.9 million, respectively, and the Underwriting segment had allocated goodwill of \$23.4 million. There were no additions from acquisitions, impairments or adjustments to goodwill resulting from prior year acquisitions in either segment for the three and six months ended June 30, 2023. There were no additions from acquisitions, impairments or adjustments to goodwill resulting from prior year acquisitions in either segment for the three and six months ended June 30, 2022.

8. Debt

Senior secured credit agreement

On December 31, 2020, Old Doma executed a loan and security agreement with Hudson Structured Capital Management Ltd. (“HSCM”), providing for a \$150.0 million senior secured term loan (“Senior Debt”) that was funded by the lenders, which are affiliates of HSCM, on January 29, 2021 (“Funding Date”). The Senior Debt matures five years from the Funding Date. Under the agreement, the Senior Debt will bear interest of 11.25% per annum, 5.0% of which will be paid on a current cash basis and the remainder to accrue and be added to the outstanding principal balance. Interest shall be compounded quarterly. If at any time Old Doma (now known as States Title) is in an event of default under the Senior Debt, outstanding amounts shall bear interest at the default interest rate of 15.00%. Upon funding, Old Doma issued penny warrants to affiliates of HSCM equal to 1.35% of Old Doma’s fully diluted shares. The warrants were net exercised on the Closing Date and such affiliates of HSCM received the right to receive approximately 0.2 million shares of our common stock. The Senior Debt is secured by a first-priority pledge and security interest in substantially all of the assets (tangible and intangible) of our wholly owned subsidiary States Title (which represent substantially all of our assets) and any of its existing and future domestic subsidiaries (in each case, subject to customary exclusions, including the exclusion of regulated insurance company subsidiaries). States Title is subject to customary affirmative, negative and financial covenants, including, among other things, minimum liquidity of \$20.0 million (as of the last day of any month), minimum consolidated annual revenue of \$130.0 million, limits on the incurrence of indebtedness, restrictions on asset sales outside the ordinary course of business and material acquisitions, limitations on dividends and other restricted payments. States Title was in compliance with the Senior Debt covenants as of June 30, 2023. The Senior Debt also includes customary events of default for facilities of this type and provides that, if an event of default occurs and is continuing, the Senior Debt will amortize requiring regular payments on a straight-line basis over the subsequent 24-month calendar period, but not to extend beyond the maturity date.

On May 19, 2023, Old Doma and certain subsidiaries of the Company, as guarantors, entered into the third amendment to the Senior Debt agreement (the “Third Amendment”). The Third Amendment amends certain mandatory prepayment provisions related to the disposition of assets by Old Doma or any of its subsidiaries such that Old Doma is required, within five business days following the receipt of net cash proceeds from dispositions in excess of \$750,000 in any fiscal year (other than certain permitted dispositions), to repay the outstanding principal amount of term loan borrowings in an amount equal to 100% of such excess net cash proceeds received by Old Doma or any of its subsidiaries from such dispositions, unless HSCM, as agent, otherwise agrees.

The estimated fair value of the Senior Debt at June 30, 2023 was \$157.7 million. No active or observable market exists for the Senior Debt and, as a result, this is a Level 3 fair value measurement. Therefore, the estimated fair value of the Senior Debt is based on the income valuation approach, which is a valuation technique that converts future amounts (for example, cash flows or income and expenses) to a single current (that is, discounted) amount.

9. Stock compensation expense

The Company issued stock options (incentive stock options (“ISOs”), non-statutory stock options (“NSOs”) and restricted stock awards (“RSAs”) to employees and key advisors under the Company’s 2019 Equity Incentive Plan, which has been approved by the board of directors. Granted stock options do not expire for 10 years and have vesting periods ranging from 7 to 60 months. The holder of one stock option may purchase one share of common stock at the underlying strike price.

The Company issues restricted stock units (“RSUs”) and performance restricted stock units (“PRSUs”) under the 2021 Omnibus Incentive Plan. The RSUs are subject to time-based vesting, generally with a majority of the RSUs vesting 25% on the first anniversary of the award date and ratably thereafter for twelve quarters, such that the RSUs will be fully vested on the fourth anniversary of their award date. Eligible participants in the PRSUs will receive a number of earned shares based on Company financial results during the performance period, as established by the Company’s board of directors. Earned shares for the PRSUs will fully vest once the continuous employment service condition is met after the performance period. The RSUs and PRSUs are measured at fair market value on the grant date and stock-based compensation expense is recognized as the shares vest with a corresponding offset credited to additional paid-in-capital.

In June 2022, the Company issued stock awards to its Chief Executive Officer under the 2021 Omnibus Incentive Plan that vest upon the satisfaction of a time-based service condition and a market condition (“market-based awards”). Both the service and the market condition must be satisfied for the award to vest. The market condition of the awards is based on the 90-day volume weighted average price of the common stock of the Company reaching a price hurdle of \$125.00, \$187.50, and \$250.00 during a performance period of 4 years. The maximum number of shares that can be earned under the market-based awards is 97,413 shares, with one-third of the total award allocated to each identified average price threshold. The time-based service condition in the market-based awards is satisfied quarterly over sixteen quarters of continuous employment, such that the service condition included in the market-based awards will be fully satisfied on the fourth anniversary of their award date. The Company recognizes compensation expense related to the market-based awards using the accelerated attribution method over the requisite service period.

In May 2023, the compensation committee of the Company’s board of directors approved modifications to the vesting conditions and exercise periods of outstanding equity compensation awards held by certain of the Company’s then-current employees who became employees of WFG in the WFG Asset Sale. These modifications became effective upon acceptance of employment with WFG. Pursuant to such modifications, the options and RSUs held by WFG employees vest on May 20, 2024; provided that employment with WFG does not terminate prior to such date. These modified awards vest based on conditions that are not classified as a service, market or performance condition, and as a result, such awards are classified as a liability. In accordance with ASC 718, “Compensation - Stock Compensation,” stock-based compensation expense of \$2.2 million previously incurred on the original awards was reversed in the personnel costs line in the consolidated statements of operations in the second quarter of 2023, and the Company recorded a liability of \$0.2 million for the fair value of the modified awards in the accrued expenses and other liabilities line in the condensed consolidated balance sheet as of June 30, 2023.

For the three months ended June 30, 2022, a decrease in stock-based compensation expense of \$3.0 million was recognized due to changes in the estimated probability of the financial metrics associated with certain PRSUs.

Stock-based compensation expense for the three months ended June 30, 2023 and 2022 was \$1.3 million and \$8.3 million, respectively. Stock-based compensation expense for the six months ended June 30, 2023 and 2022 was \$7.0 million and \$19.7 million, respectively.

Stock options (ISO and NSO)

During the six months ended June 30, 2023, the Company had the following stock option activity:

	Number of Stock Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value (\$)
Outstanding as of December 31, 2022	703,422	\$ 14.46	6.74	\$ 191
Granted	—	—	—	
Exercised	(17,774)	13.41	0.51	
Cancelled or forfeited	(199,108)	14.46	1.59	
Outstanding as of June 30, 2023	<u>486,540</u>	<u>\$ 14.50</u>	<u>5.73</u>	<u>\$ 60</u>
Options exercisable as of June 30, 2023	<u>448,186</u>	<u>\$ 14.23</u>	<u>5.60</u>	<u>\$ 60</u>

As of June 30, 2023, there was \$3.9 million of stock-based compensation expense that had yet to be recognized related to nonvested stock option grants.

RSAs, RSUs and PRSUs

During the six months ended June 30, 2023, the Company had the following non-vested RSA, RSU and PRSU activity:

	Number of RSAs, RSUs and PRSUs	Average Grant Date Fair Value (\$)
Non-vested at December 31, 2022	1,619,222	\$ 44.19
Granted	312,716	10.81
Vested	(244,412)	56.30
Adjustment for PRSUs expected to vest	—	—
Cancelled or Forfeited	(365,080)	60.45
Non-vested at June 30, 2023	<u>1,322,446</u>	<u>\$ 29.57</u>

As of June 30, 2023, there was \$36.1 million of stock-based compensation expense that had yet to be recognized related to nonvested RSAs, RSUs and PRSUs.

Market-based awards

The market-based awards were measured at fair market value on the grant date, and stock-based compensation expense is recognized as the shares vest with a corresponding offset credited to additional paid-in-capital. The fair value of the market-based awards was determined using a Monte Carlo simulation valuation model using a distribution of potential stock price outcomes on a daily basis over the original 4-year vesting period. The unobservable significant inputs to the valuation model at the time of award issuance were as follows:

Stock price at issuance	\$ 23.00
Expected volatility	75.0%
Risk-free interest rate	3.14%
Expected term	3.9
Expected dividend yield	—%

During the six months ended June 30, 2023, the Company had the following non-vested market-based award activity:

	Number of Market-based awards	Average Grant Date Fair Value (\$)
Non-vested at December 31, 2022	97,413	\$ 7.92
Granted	—	—
Vested	—	—
Cancelled or Forfeited	—	—
Non-vested at June 30, 2023	97,413	\$ 7.92

As of June 30, 2023, there was \$0.5 million of stock-based compensation expense that had yet to be recognized related to nonvested market-based awards.

10. Earnings per share

The calculation of the basic and diluted EPS is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator				
Net loss attributable to Doma Holdings, Inc.	\$ (35,877)	\$ (58,652)	\$ (78,000)	\$ (108,678)
Denominator				
Weighted-average common shares – basic and diluted	13,324,215	12,994,869	13,259,894	12,975,354
Net loss per share attributable to stockholders				
Basic and diluted	\$ (2.69)	\$ (4.51)	\$ (5.88)	\$ (8.38)

As we have reported net loss for each of the periods presented, all potentially dilutive securities are antidilutive. The following potential outstanding shares of common stock and contingently issuable shares were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because the contingent criteria has not been satisfied and/or including them would have been antidilutive:

	As of June 30,	
	2023	2022
Outstanding stock options	486,540	825,096
Warrants for common and preferred stock	693,333	720,910
RSA's, RSU's and PRSU's	1,322,446	1,731,217
Market-based awards	97,413	97,413
Sponsor Covered Shares and Seller Earnout Shares	702,787	713,051
Total antidilutive securities	3,302,519	4,087,687

11. Related party transactions

Equity held by Lennar

In connection with the North American Title Acquisition, subsidiaries of Lennar were granted equity in the Company. As of June 30, 2023, Lennar, through its subsidiaries, held 24.6% of the Company on a fully diluted basis.

Transactions with Lennar

In the routine course of its business, Doma Title Insurance, Inc. ("DTI") underwrites title insurance policies for a subsidiary of Lennar. The Company recorded the following revenues and premiums retained by Third-Party Agents from these transactions, which are included within our Underwriting segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues	\$ 33,508	\$ 33,663	\$ 63,486	\$ 61,331
Premiums retained by Third-Party Agents	27,106	27,150	51,201	49,610

	June 30, 2023	December 31, 2022
Net receivables	\$ 3,183	\$ 4,175

These amounts are included in trade and other receivables, net in the Company's condensed consolidated balance sheets.

On April 27, 2023, the Company entered into a sublease agreement with Lennar. The sublease with Lennar will commence on September 1, 2023 and end on September 30, 2026. The total sublease income over the term of the agreement is expected to be \$0.2 million.

12. Commitments and contingencies

Legal matters

The Company is subject to claims and litigation matters in the ordinary course of business. Management does not believe the resolution of any such matters will have a materially adverse effect on the Company's financial position or results of operations.

Commitments and other contingencies

The Company also administers escrow deposits as a service to customers, a substantial portion of which are held at third-party financial institutions. These escrow deposits amounted to \$67.0 million and \$77.4 million at June 30, 2023 and December 31, 2022, respectively. Such deposits are not reflected in the condensed consolidated balance sheets, but the Company could be contingently liable for them under certain circumstances (for example, if the Company disposes of escrowed assets). Such contingent liabilities have not materially impacted the results of operations or financial condition to date and are not expected to do so in the future.

See Note 17 in our condensed consolidated financial statements for information on our operating lease obligations.

13. Accrued expenses and other liabilities

Accrued expenses and other liabilities include the following:

	June 30, 2023	December 31, 2022
Employee benefits	\$ 4,415	\$ 7,140
Severance	662	5,749
Contract terminations	3,219	5,248
Premium taxes	1,341	3,862
Employee compensation	3,769	3,380
Other	6,072	3,513
Total accrued expenses and other liabilities	<u>\$ 19,478</u>	<u>\$ 28,892</u>

Workforce reduction plans

In 2022, the Company executed three separate workforce reduction plans (collectively, the "Reduction Plans") to reduce costs, improve Local branch-level profitability, and focus resources on its instant underwriting capabilities. The Reduction Plans during 2022 included the elimination of approximately 1,076 positions across the Company, or approximately 52% of the Company's workforce as of December 31, 2022. The Company's execution of the Reduction Plans, including cash payments, is expected to be substantially complete as of September 30, 2023.

Liabilities associated with the Reduction Plans are included in accrued expenses and other liabilities in the condensed consolidated balance sheet as of June 30, 2023.

The following table summarizes activity related to the liabilities associated with the Reduction Plans:

	Total
Balance as of January 1, 2023	\$ 5,749
Charges incurred (1)	8,087
Payments and other adjustments	(13,174)
Balance as of June 30, 2023	\$ 662

(1) Charges incurred include interim salary for employees with known departure dates, employee benefits, severance, payroll taxes and related facilitation costs offset by forfeitures of bonus.

In the three and six months ended June 30, 2023, forfeited stock-based compensation associated with the Reduction Plans was \$1.5 million and \$2.3 million, respectively. The charges incurred and forfeited stock-based compensation associated with the Reduction Plans primarily relate to the Company's Distribution reportable segment.

Contract terminations

Associated with the Company's Reduction Plans and vendor management initiatives during the year ended December 31, 2022, the Company recorded \$5.2 million in accelerated contract charges related to contracts that will continue to be incurred for the contracts' remaining terms without economic benefit to the Company. These contract termination charges were recorded in other operating expenses in the consolidated statements of operations. There were no accelerated contract charges recorded during the three months ended June 30, 2023 and 2022, respectively. As of June 30, 2023, total accrued liabilities related to these accelerated contract charges were \$3.2 million.

14. Employee benefit plan

The Company sponsors a defined contribution 401(k) plan for its employees (the "Retirement Savings Plan"). The Retirement Savings Plan is a voluntary contributory plan under which employees may elect to defer compensation for federal income tax purposes under Section 401(k) of the Internal Revenue Code of 1986. All full-time employees age 18+ are eligible to enroll in the Retirement Savings Plan on their first day of employment. Company matching contributions begin upon employee enrollment in the Retirement Savings Plan. Effective January 1, 2022, the Company provides an employer match up to 100% on the first 1% of elective contributions and 50% on the next 5% of elective contributions. The maximum matching contribution is 3.5% of compensation.

For the three months ended June 30, 2023 and 2022, the Company made contributions for the benefit of employees of \$0.5 million and \$1.1 million, respectively, to the Retirement Savings Plan. For the six months ended June 30, 2023 and 2022, the Company made contributions for the benefit of employees of \$1.2 million and \$2.3 million, respectively, to the Retirement Savings Plan.

15. Research and development

For the three and six months ended June 30, 2023 and 2022, the Company recorded the following related to research and development expenses and capitalized internally developed software costs:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Research and development expenses incurred	\$ 2,127	\$ 5,485	\$ 3,354	\$ 11,088
Capitalized internally developed software costs	2,077	8,858	4,736	17,210
Research and development spend, inclusive of capitalized internally developed software cost	<u>\$ 4,204</u>	<u>\$ 14,343</u>	<u>\$ 8,090</u>	<u>\$ 28,298</u>

Our research and development costs reflect certain payroll-related costs of employees directly associated with such activities and certain software subscription costs, which are included in personnel costs and other operating expenses, respectively, in the condensed consolidated statements of operations. Capitalized internally developed software and acquired software costs are included in fixed assets, net in the condensed consolidated balance sheets.

16. Warrant liabilities

As a result of the Business Combination, the Company assumed, as of the Closing Date, Public Warrants to purchase an aggregate of 460,000 shares of our common stock and Private Placement Warrants to purchase an aggregate of 233,333 shares of our common stock. Twenty five whole warrants entitle the holder to purchase one share of common stock at a price of \$287.50.

The Warrants became exercisable commencing on December 4, 2021, which is one year from the closing of the initial public offering of Capitol; provided, that we maintain an effective registration statement under the Securities Act of 1934, as amended (the “Securities Act”), covering our common stock.

Redemption of Public Warrants when the price per share of our common stock equals or exceeds \$450.00

The Company may call the Public Warrants for redemption:

- in whole and not in part;
- at a price of \$0.01 per Public Warrant;
- upon not less than 30 days’ prior written notice of redemption to each Public Warrant holder; and
- if, and only if, the last reported sale price of our common stock equals or exceeds \$450.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like and for certain issuances of common stock and equity-linked securities as described above) for any 20 trading days within a 30-trading day period ending three business days before the Company sends to the notice of redemption to the Public Warrant holders.

The Company will not redeem the Public Warrants as described above unless a registration statement under the Securities Act covering the issuance of the shares of common stock issuable upon a cashless exercise of the Public Warrants is then effective and a current prospectus relating to those shares of common stock is available throughout the 30-day redemption period, except if the Public Warrants may be exercised on a cashless basis and such cashless exercise is exempt from registration under the Securities Act.

Redemption of Public Warrants when the price per share of our common stock equals or exceeds \$250.00

The Company may redeem the outstanding Public Warrants:

- in whole and not in part;
- at \$0.10 per Public Warrant upon a minimum of 30 days’ prior written notice of redemption; provided that holders will be able to exercise their Public Warrants prior to redemption and receive a number of shares based on the redemption date and the “fair market value” of common stock except as otherwise described below;
- if, and only if, the last reported sale price of our common stock equals or exceeds \$250.00 per share (as adjusted per stock splits, stock dividends, reorganizations, reclassifications, recapitalizations and the like and for certain issuances of common stock and equity-linked securities as described above) on the trading day prior to the date on which the Company sends the notice of redemption to the Public Warrant holders; and
- if, and only if, the last reported sale price of common stock is less than \$450.00 per share (as adjusted for stock for stock splits, stock dividends, reorganizations, recapitalizations and the like and for certain issuances of common stock and equity-linked securities), the Private Placement Warrants are also concurrently called for redemption on the same terms as the outstanding Public Warrants, as described above.

Beginning on the date the notice of redemption is given until the Public Warrants are redeemed or exercised, holders may elect to exercise their Public Warrants on a cashless basis. The “fair market value” of our common stock will mean the volume-weighted average price of our common stock for the ten trading days immediately following the date on which the notice of redemption is sent to the holders of Public Warrants. In no event will the Public Warrants be exercisable in connection with this redemption feature for more than 0.014 shares of common stock per Public Warrant (subject to adjustment).

The Private Placement Warrants are identical to the Public Warrants except that the Private Placement Warrants, (i) subject to limited exceptions, are not redeemable by us, (ii) may be exercised for cash or on a cashless basis and (iii) are entitled to registration rights (including the shares of our common stock issuable upon exercise of the Private Placement Warrants), in each case, so long as they are held by the initial purchasers or any of their permitted transferees (as further described in the warrant agreement, dated as of December 1, 2020, between the Company and Continental Stock Transfer & Trust Company, a New York corporation, as warrant agent (the "Warrant Agreement"). If the Private Placement Warrants are held by holders other than the initial purchasers or any of their permitted transferees, they will be redeemable by us and exercisable by the holders on the same basis as the Public Warrants.

On September 3, 2021, the Company filed a Registration Statement on Form S-1 (No. 333-258942), as amended, with the SEC (which was declared effective on September 8, 2021; and the Company subsequently filed a post-effective amendment thereto, which was declared effective on March 30, 2022), which related to, among other things, the issuance of an aggregate of up to 693,333 shares of common stock issuable upon the exercise of the Warrants. As of June 30, 2023 and December 31, 2022, the aggregate values of the Public Warrants were \$0.2 million representing Public Warrants outstanding to purchase 460,000 shares of our common stock. As of June 30, 2023 and December 31, 2022, the aggregate values of the Private Warrants were \$0.1 million representing Private Warrants outstanding to purchase 233,333 shares of our common stock. The Warrants are accounted for as liabilities in accordance with ASC 815-40 and are presented within warrant liabilities in the condensed consolidated balance sheets. The warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of Warrants and Sponsor Covered Shares liabilities in the condensed consolidated statements of operations.

17. Leases

The Company has operating leases consisting of office space and office equipment. Lease terms and options vary in the Company's operating leases dependent upon the underlying leased asset. We exclude options to extend or terminate a lease from our recognition as part of our right-of-use assets and lease liabilities until those options are known and/or executed, as we typically do not exercise options to purchase the underlying leased asset. As of June 30, 2023, we have leases with remaining terms of 30 days to 6.3 years, some of which may include no options for renewal and others with options to extend the lease terms from 1 year to 5 years. The components of our operating leases were as follows:

	Six Months Ended June 30,	
	2023	2022
Components of lease expense:		
Operating lease expense	\$ 4,140	\$ 6,021
Less sublease income	(124)	(161)
Net lease expense	4,016	5,860
Cash flow information related to leases:		
Operating cash outflow from operating leases during the six months ended June 30, 2023 and 2022	\$ 5,445	\$ 5,384

	June 30, 2023	June 30, 2022
Right-of-use assets obtained during the six months ended June 30, 2023 and 2022 in exchange for new operating lease liabilities	\$ 894	7,961
Weighted average remaining lease term (years)	3.87	4.41
Weighted average discount rate	10%	10%

Maturities of lease liabilities:	June 30, 2023
2023	\$ 4,098
2024	7,411
2025	5,738
2026	4,530
2027	3,160
Thereafter	1,304
Total lease payments	26,241
Less imputed interest	(4,501)
Lease liabilities	\$ 21,740

During the three months ended June 30, 2023, the Company recorded a \$0.6 million impairment on its operating lease right-of-use assets due to vacating locations as a result of a smaller workforce. The right-of-use asset impairments were recorded in long-lived asset impairment in the consolidated statements of operations. The right-of-use asset impairments were determined by comparing the fair value of the impacted right-of-use asset to the carrying value of the asset as of the impairment measurement date, as required under ASC 360, Property, Plant, and Equipment, using Level 2 inputs. The fair value of the right-of-use asset was based on the estimated sublease income taking into consideration the time period it will take to obtain a sublessor, the uncertainty of obtaining a sublessor, vacancy rates in the associated market, and the sublease rate. The right-of-use asset impairments relate to our Distribution segment. There were no impairments of operating lease right-of-use assets during the three months ended June 30, 2022.

18. Subsequent events

Local Retail Branch Sales

In separate transactions, on July 14, 2023, the Company entered into and closed asset purchase agreements to sell certain assets used in or related to the Company's title insurance agency business operated through retail title offices located in the Midwest and Texas to Hamilton National Title LLC d/b/a Near North Title Group and Capital Title of Texas, LLC, respectively. Additionally, on July 28, 2023, the Company closed an asset purchase agreement to sell certain assets used in or related to the Company's title insurance agency business operated through retail title offices located in Florida to Hamilton National Title LLC d/b/a Near North Title Group. Due to the proximity of the closing date of these transactions to the date of this filing, the initial accounting for these transactions is incomplete, pending identification of the assets and liabilities sold and measurement of the fair value of the consideration received; however, the Company does not expect to record a material aggregate gain or loss as a result of these transactions. With the execution of these agreements, the Company will no longer have operations related to our previous Local retail branch footprint.

The Company determined that the execution of these agreements, in combination with the WFG Asset Sale discussed in Note 3 to the condensed consolidated financial statements, represented a strategic shift that had a major effect on the Company's operations and financial results, which will trigger discontinued operations presentation, in accordance with ASC 205-20-45, for the Company's Local component within its Distribution segment beginning for the Quarterly Report on Form 10-Q for the quarter ending September 30, 2023.

2023 Workforce Reduction

On August 2, 2023, the Company committed to a workforce reduction plan (the "2023 Reduction") to improve cost efficiency and focus on our instant underwriting technology.

The 2023 Reduction includes the elimination of approximately 70 positions across the Company, or approximately 17% of the Company's current workforce. The Company estimates that it will incur approximately \$0.7 million in charges in connection with the 2023 Reduction, including cash expenditures for employee benefits, severance payments, payroll taxes and related facilitation costs offset by forfeitures of bonus and stock-based compensation. The Company expects the execution of the 2023 Reduction, including cash payments, will be substantially complete by December 31, 2023.

August RSU Grant

On August 3, 2023, the compensation committee of the board of directors of the Company granted RSUs totaling approximately 1.0 million shares. The RSUs are subject to time-based vesting, with 50% of the RSUs vesting on the six-month anniversary of the award date, and the remainder vest in four consecutive, equal, quarterly installments such that the award is fully vested on the 18-month anniversary of the award date; provided the awardee is continuously employed through such date as applicable. The RSUs are measured at fair market value on the date of the grant and stock-based compensation expense is recognized as the shares vest with a corresponding offset credited to additional paid-in-capital.

In the preparation of the accompanying condensed consolidated financial statements, the Company has evaluated all material subsequent events or transactions that occurred after the balance sheet date through the date on which the financial statements were issued for potential recognition or disclosure in the Company's financial statements, noting no subsequent events or transactions that require disclosure, aside from those previously discussed.

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

The following discussion and analysis of the financial condition and results of operations of Doma should be read together with the unaudited condensed consolidated financial statements as of June 30, 2023 and 2022 and for the three and six months ended June 30, 2023 and 2022, together with the related notes thereto, contained in this Quarterly Report on Form 10-Q (“Quarterly Report”), as well as the audited consolidated financial statements as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, together with related notes thereto, contained in our annual report on Form 10-K for the year ended December 31, 2022 (the “Annual Report”). This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties and should be read in conjunction with the disclosures and information contained in “Cautionary Note Regarding Forward-Looking Statements” in the Annual Report. Our actual results may differ materially from those projected in these forward-looking statements as a result of various factors, including those set forth under Part I, Item 1A “Risk Factors” or in other parts of the Annual Report. Certain amounts may not foot due to rounding. All forward-looking statements in this Quarterly Report are based on information available to us as of the date hereof, and we assume no obligation to update any such forward-looking statements to reflect future events or circumstances, except as required by law.

Unless the context otherwise requires, references to “company,” “Company,” “Doma,” “we,” “us,” “our” and similar terms refer to Doma Holdings, Inc. (f/k/a Capitol Investment Corp. V) and its consolidated subsidiaries. References to “Capitol” refer to our predecessor company prior to the consummation of the Business Combination. References to “Old Doma” refer to Old Doma prior to the Business Combination and to States Title Holding, Inc. (“States Title”), the wholly owned subsidiary of Doma, upon the consummation of the Business Combination.

Overview

Doma was founded in 2016 to focus top-tier data scientists, product managers, and engineers on building game-changing technology to completely reimagine the residential real estate closing process. We founded Doma to create a home ownership process for today’s consumers who expect instant, digital experiences. Our approach to the title and escrow process is driven by our innovative platform, Doma Intelligence. The Doma Intelligence platform is the result of significant investment in research and development over more than six years across a team of more than 100 data scientists and engineers. It creates a revolutionary new real estate closing platform that seeks to eliminate latent, manual tasks involved in underwriting title insurance, performing core escrow functions, generating closing documentation and getting documents signed and recorded. The platform harnesses the power of data analytics, machine learning and natural language processing, which will enable us to deliver a more affordable and faster closing transaction with a seamless customer experience at every point in the process. Doma’s machine intelligence algorithms are being trained and optimized on 30 years of historical anonymized closing transaction data allowing us to make underwriting decisions in less than a minute and significantly reduce the time, effort and cost of facilitating the entire closing process.

Our Business Model

We primarily originate, underwrite, and provide title, escrow and settlement services for the two most prevalent transaction types in the residential real estate market: purchase and refinance transactions. We operate and report our business through two complementary reporting segments, Distribution and Underwriting. See “—Basis of Presentation” below.

Our Distribution segment reflects the sale of our products and services, other than underwriting and insurance services reflected in our Underwriting segment, that we provide through our captive title agents and agencies (“Direct Agents”). We market our products and services through two channels to appeal to our referral partners and ultimately reach our customers, the individuals purchasing a new home or refinancing their existing mortgage:

- **Doma Enterprise** – we target partnerships with national lenders and mortgage originators that maintain centralized lending operations. Once a partnership has been established, we integrate our Doma Intelligence platform with the partner’s production systems, to enable frictionless order origination and fulfillment. Substantially all Doma Enterprise orders are underwritten by Doma.

- **Local Markets (“Local”)** – we target partnerships with realtors, attorneys and non-centralized loan originators via a 53-branch footprint across seven states as of June 30, 2023. For the quarter ended June 30, 2023, approximately 90% of our lender and owner policies from our Local channel were underwritten by Doma, while the remaining share was underwritten by third-party underwriters. Note that after the transactions described in Note 18 in this Quarterly Report, we will no longer have a Local retail branch footprint.

Our Underwriting segment reflects the sale of our underwriting and insurance services. These services are integrated with our Direct Agents channel and other non-captive title and escrow agents in the market (“Third-Party Agents”) through our captive title insurance carrier. For customers sourced through the Third-Party Agents channel, we retain a portion of the title premium (approximately 16% - 18%) in exchange for underwriting risk to our balance sheet. The Third-Party Agents channel includes the title underwriting and insurance services we provide to Lennar, a related party, for its home builder transactions.

The financial results of our Direct Agents channel impact both our Distribution and Underwriting reporting segments, whereas the results from the Third-Party Agents channel impact only the Underwriting reporting segment.

Our expenses generally consist of direct fulfillment expenses related to closing a transaction and insuring the risk, customer acquisition costs related to acquiring new business, and other operating expenses as described below:

- **Direct fulfillment expenses** – comprised of direct labor and direct non-labor expenses. Direct labor expenses refer to payroll costs associated with employees who directly contribute to the opening and closing of an order. Some examples of direct labor expenses include title and escrow services, closing services, underwriting and customer service. Direct non-labor expenses refer to non-payroll expenses that are closely linked with order volume, such as provision for claims, title examination expense, office supplies, and premium and other related taxes.
- **Customer acquisition costs** – this category is comprised of sales payroll, sales commissions, customer success payroll, sales-related travel and entertainment, and an allocated portion of corporate marketing.
- **Other operating expenses** – all other expenses that do not directly contribute to the fulfillment or acquisition of an order or policy are considered other operating expenses. This category is predominately comprised of research and development costs, corporate support expenses, occupancy, and other general and administrative expenses.

We expect to continue to invest in the instant underwriting capabilities of our Doma Intelligence platform as well as organic growth opportunities in order to remain competitive with existing large-scale industry incumbents who are well financed and have significant resources to defend their existing market positions. Over time, we plan to use our cash flows to invest in customer acquisition, research and development, and new product offerings, to further improve revenue growth and accelerate the elimination of the friction and expense of closing a residential real estate transaction.

Basis of Presentation

We report results for our two operating segments:

- **Distribution** – our Distribution segment reflects our Direct Agents operations of acquiring customer orders and providing title and escrow services for real estate closing transactions. We acquire customers through our Local and Doma Enterprise customer referral channels.
- **Underwriting** – our Underwriting segment reflects the results of our title insurance underwriting business, including policies referred through our Direct Agents and Third-Party Agents channels. The referring agents retain approximately 82% - 84% of the policy premiums in exchange for their services. The retention rate varies by state and agent.

Costs are allocated to the segments to arrive at adjusted gross profit, our segment measure of profit and loss. Our accounting policies for segments are the same as those applied to our consolidated financial statements, except as described below under “—Key Components of Revenues and Expenses.” Inter-segment revenues and expenses are eliminated in consolidation. See Note 7 in our condensed consolidated financial statements for a summary of our segment results and a reconciliation between segment adjusted gross profit and our consolidated loss before income taxes.

Significant Events and Transactions

The Business Combination

On the Closing Date, Capitol consummated the Business Combination with Old Doma, pursuant to the Agreement. In connection with the closing of the Business Combination, Old Doma changed its name to States Title Holding, Inc., Capitol changed its name to Doma Holdings, Inc. (“Doma”) and Old Doma became a wholly owned subsidiary of Doma. Doma continues the existing business operations of Old Doma as a publicly traded company. Refer to Note 3 to the condensed consolidated financial statements for additional details on the Business Combination.

As a result of the Business Combination, we became the operating successor to an SEC-registered and New York Stock Exchange-listed shell company. Becoming public has required us to hire additional personnel and implement procedures and processes to address public company regulatory requirements and practices. Also, we incur annual expenses as a public company for, among other things, directors’ and officers’ liability insurance, director fees, and additional internal and external accounting, legal, and administrative resources.

West Coast Local Retail Branch Sale

On May 19, 2023, Doma Title of California, Inc. (the “Seller”) and Doma Corporate LLC, both subsidiaries of the Company, entered into and closed an asset purchase agreement (the “WFG Asset Purchase Agreement”) with Williston Financial Group LLC (“WFG”). Pursuant to the terms and subject to the conditions set forth in the WFG Asset Purchase Agreement, the Seller agreed to sell to WFG certain assets used in or related to the Company’s title insurance agency business operated through retail title offices located in the State of California (the “WFG Asset Sale”) for an aggregate purchase price of up to \$24.5 million, subject to certain adjustments set forth in the WFG Asset Purchase Agreement. The gross purchase price for the WFG Asset Sale consists of \$10.5 million paid by WFG to the Seller on May 19, 2023 (the “WFG Sale Closing Date”) and a deferred payment of up to \$14.0 million payable by WFG to the Seller within 30 days after the 12-month anniversary of the WFG Sale Closing Date (“WFG Deferred Payment”). The amount of the WFG Deferred Payment is subject to an earnout based on the retention of specified employees hired by WFG or an affiliate of WFG after the WFG Sale Closing Date. The sale includes 22 retail title locations and operations centers in the Northern and Central California regions and 123 total employees. On the WFG Sale Closing Date, the Seller and a WFG affiliate, WFG National Title Insurance Company, entered into a customary transition services agreement. Refer to Note 3 to the condensed consolidated financial statements for additional details on the WFG Asset Sale.

GAAP Revenue and Gross Profit for the branches being sold were \$37 million and \$16 million, respectively, for the twelve-months ended December 31, 2022. The gross purchase price related to the WFG Asset Sale contemplated the sold branches’ historical results, the purchased assets, and the interest rate environment as of the WFG Sale Closing Date. As a result of the WFG Asset Sale, Doma expects expense savings in corporate support and administrative expenses related to its remaining local retail title branches.

Macroeconomic Trends

The on-going macroeconomic trends impacting the residential real estate market include a shortage in the supply of homes for sale, increasing home prices, rising mortgage interest rates, inflation, disrupted labor markets and geopolitical uncertainties.

We operate in the real estate industry and our business volumes are directly impacted by market trends for mortgage refinancing transactions, existing real estate purchase transactions, and new real estate purchase transactions, particularly in the residential segment of the market. Our success depends on a high volume of residential and, to a lesser extent, commercial real estate transactions, throughout the markets in which we operate.

Through 2023, to combat inflation, the Federal Reserve raised the benchmark interest rate by a total of 100 basis points. Average interest rates for a 30-year fixed rate mortgage rose to 6.71% as of June 2023 as compared to 5.52% for the corresponding period of 2022. As interest rates rise, the outlook on refinance transactions continues to decline.

Demand for mortgages tends to correlate closely with changes in interest rates, meaning that our order trends have been, and will likely be, impacted by future changes in interest rates. However, we believe that our current, low market share and disruptive approach to title insurance, escrow, and closing services will enable us to gain market share within markets in which we operate, which in turn should mitigate the risk to our revenue growth trends relative to industry incumbents.

We continue to monitor economic and regulatory developments closely as we navigate the volatility and uncertainty created by the pandemic and the subsequent macroeconomic activity.

Reverse stock split

On June 29, 2023, the Company filed with the Secretary of State of the State of Delaware a Certificate of Amendment to its Certificate of Incorporation (the “Charter Amendment”) to effect a 1-for-25 reverse stock split of the Company’s common stock (the “Reverse Stock Split”) and a corresponding adjustment to its authorized capital stock, effective as of 11:59 p.m. Eastern Daylight Time on June 29, 2023 (the “Effective Time”). All share and per share information has been retroactively adjusted to give effect to the Reverse Stock Split for all periods presented, unless otherwise indicated.

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

Proportionate adjustments were made to the number of shares issuable upon the exercise or vesting of all stock options, restricted stock awards, restricted stock units, performance restricted stock units or market-based awards (the “Stock-Based Awards”) and warrants outstanding at the Effective Time, which resulted in a proportional decrease in the number of shares of the Company’s common stock reserved for issuance upon exercise or vesting of such Stock-Based Awards and warrants. In the case of stock options and warrants, proportionate adjustments also included a proportional increase in the exercise price of such stock options and warrants. In addition, the number of shares reserved for issuance under the Company’s 2021 Omnibus Incentive Plan were proportionately reduced.

Key Operating and Financial Indicators

We regularly review several key operating and financial indicators to evaluate our performance and trends and inform management’s budgets, financial projections and strategic decisions.

The following table presents our key operating and financial indicators, as well as the relevant generally accepted accounting principles (“GAAP”) measures, for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands, except for open and closed order numbers)			
Key operating data:				
Opened orders	8,368	25,231	18,308	60,423
Closed orders	7,036	18,799	13,316	46,146
GAAP financial data:				
Revenue (1)	\$ 88,853	\$ 123,744	\$ 163,221	\$ 235,951
Gross profit (2)	\$ 5,747	\$ 7,143	\$ 7,143	\$ 14,277
Net loss	\$ (35,877)	\$ (58,652)	\$ (78,000)	\$ (108,678)
Non-GAAP financial data (3):				
Retained premiums and fees	\$ 30,689	\$ 49,106	\$ 55,873	\$ 100,711
Adjusted gross profit	\$ 8,818	\$ 10,890	\$ 13,289	\$ 21,260
Ratio of adjusted gross profit to retained premiums and fees	29%	22%	24%	21%
Adjusted EBITDA	\$ (13,707)	\$ (43,390)	\$ (35,298)	\$ (88,295)

- (1) Revenue is comprised of (i) net premiums written, (ii) escrow, other title-related fees and other, and (iii) investment, dividend and other income. Net loss is made up of the components of revenue and expenses. For more information about measures appearing in our consolidated income statements, refer to “—Key Components of Revenue and Expenses—Revenue” below.
- (2) Gross profit, calculated in accordance with GAAP, is calculated as total revenue, minus premiums retained by Third-Party Agents, direct labor expense (including mainly personnel expense for certain employees involved in the direct fulfillment of policies) and direct non-labor expense (including mainly title examination expense, provision for claims, and depreciation and amortization). In our consolidated income statements, depreciation and amortization is recorded under the “other operating expenses” caption.
- (3) Retained premiums and fees, adjusted gross profit and adjusted EBITDA are non-GAAP financial measures. Refer to “—Non-GAAP Financial Measures” below for additional information and reconciliations of these measures to the most closely comparable GAAP financial measures.

Opened and closed orders

Opened orders represent the number of orders placed for title insurance and/or escrow services (which includes the disbursement of funds, signing of documents and recording of the transaction with the county office) through our Direct Agents, typically in connection with a home purchase or mortgage refinancing transaction. An order may be opened upon an indication of interest in a specific property from a customer and may be cancelled by the customer before or after the signing of a purchase or loan agreement. Closed orders represent the number of opened orders for title insurance and/or escrow services that were successfully fulfilled in each period with the issuance of a title insurance policy and/or provision of escrow services. Opened and closed orders do not include orders or referrals for title insurance from our Third-Party Agents. A closed order for a home purchase transaction typically results in the issuance of two title insurance policies, whereas a refinance transaction typically results in the issuance of one title insurance policy.

We review opened orders as a leading indicator of our Direct Agents revenue pipeline and closed orders as a direct indicator of Direct Agents revenue for the concurrent period, and believe these measures are useful to investors for the same reasons. We believe that the relationship between opened and closed orders will remain relatively consistent over time, and that opened order growth is generally a reliable indicator of future financial performance. However, degradation in the ratio of opened orders to closed orders may be a leading indicator of adverse macroeconomic or real estate market trends.

Retained premiums and fees

Retained premiums and fees, a non-GAAP financial measure, is defined as total revenue under GAAP minus premiums retained by Third-Party Agents. See “—*Non-GAAP Financial Measures*” below for a reconciliation of our retained premiums and fees to gross profit, the most closely comparable GAAP measure, and additional information about the limitations of our non-GAAP measures.

Our business strategy is focused on leveraging our Doma Intelligence platform to provide an overall improved customer and referral partner experience and to drive time and expense efficiencies. In our Third-Party Agents channel, we provide our underwriting expertise and balance sheet to insure the risk on policies referred by such Third-Party Agents and, for that service, we typically receive approximately 16% - 18% of the premium for the policy we underwrite. As such, we use retained premiums and fees, which is net of the impact of premiums retained by Third-Party Agents, as an important measure of the earning power of our business and our future growth trends, and believe it is useful to investors for the same reasons.

Adjusted gross profit

Adjusted gross profit, a non-GAAP financial measure, is defined as gross profit (loss) under GAAP, adjusted to exclude the impact of depreciation and amortization. See “—*Non-GAAP Financial Measures*” below for a reconciliation of our adjusted gross profit to gross profit, the most closely comparable GAAP measure and additional information about the limitations of our non-GAAP measures.

Management views adjusted gross profit as an important indicator of our underlying profitability and efficiency. As we generate more business that is serviced through our Doma Intelligence platform, we expect to reduce fulfillment costs as our direct labor expense per order continues to decline, and we expect the adjusted gross profit per transaction to grow faster than retained premiums and fees per transaction over the long term.

Ratio of adjusted gross profit to retained premiums and fees

Ratio of adjusted gross profit to retained premiums and fees, a non-GAAP measure, expressed as a percentage, is calculated by dividing adjusted gross profit by retained premiums and fees. Both the numerator and denominator are net of the impact of premiums retained by Third-Party Agents because that is a cost related to our Underwriting segment over which we have limited control, as Third-Party Agents customarily retain approximately 82% - 84% of the premiums related to a title insurance policy referral pursuant to the terms of long-term contracts.

We view the ratio of adjusted gross profit to retained premiums and fees as an important indicator of our operating efficiency and the impact of our machine-learning capabilities, and believe it is useful to investors for the same reasons.

Adjusted EBITDA

Adjusted EBITDA, a non-GAAP financial measure, is defined as net income (loss) before interest, income taxes and depreciation and amortization, and further adjusted to exclude the impact of stock-based compensation, severance and interim salary costs, goodwill impairment, long-lived asset impairment, the change in fair value of Warrant and Sponsor Covered Shares liabilities, loss on sale of business, and gain on sale of title plant. See “—*Non-GAAP Financial Measures*” below for a reconciliation of our adjusted EBITDA to net loss, the most closely comparable GAAP measure and additional information about the limitations of our non-GAAP measures.

We review adjusted EBITDA as an important measure of our recurring and underlying financial performance, and believe it is useful to investors for the same reason.

Key Components of Revenues and Expenses

Revenues

Net premiums written

We generate net premiums by underwriting title insurance policies and recognize premiums in full upon the closing of the underlying transaction. For some of our Third-Party Agents, we also accrue premium revenue for title insurance policies we estimate to have been issued in the current period but reported to us by the Third-Party Agent in a subsequent period. See “—Critical Accounting Policies and Estimates— Accrued net premiums written from Third-Party Agent referrals” below for further explanation of this accrual. For the three and six months ended June 30, 2023 and 2022, the average time lag between the issuing of these policies by our Third-Party Agents and the reporting of these policies or premiums to us has been approximately three months. Net premiums written is inclusive of the portion of premiums retained by Third-Party Agents, which is recorded as an expense, as described below.

To reduce the risk associated with our underwritten insurance policies, we utilize reinsurance programs to limit our maximum loss exposure. Under our reinsurance treaties, we cede the premiums on the underlying policies in exchange for a ceding commission from the reinsurer and our net premiums written exclude such ceded premiums.

Our principal reinsurance quota share agreement covers instantly underwritten policies from refinance and home equity line of credit transactions. Under this contract we cede 25% of the written premium on such instantly underwritten policies, up to a total reinsurance coverage limit of \$80.0 million in premiums reinsured, after which we retain 100% of the written premium on instantly underwritten policies. Refer to Note 2 to the condensed consolidated financial statements above for additional details on our reinsurance treaties.

Escrow, other title-related fees and other

Escrow fees and other title-related fees are charged for managing the closing of real estate transactions, including the processing of funds on behalf of the transaction participants, gathering and recording the required closing documents, providing notary services, and other real estate or title-related activities. Other fees relate to various ancillary services we provide, including fees for rendering a cashier’s check, document preparation fees, homeowner’s association letter fees, inspection fees, lien letter fees and wire fees. We also recognize ceding commissions received in connection with reinsurance treaties, to the extent the amount of such ceding commissions exceeds reinsurance-related costs.

This revenue item is most directly associated with our Distribution segment. For segment-level reporting, agent premiums retained by our Distribution segment are recorded as revenue under the “escrow, other title-related fees and other” caption of our segment income statements, while our Underwriting segment records a corresponding expense for insurance policies issued by us. The impact of these internal transactions is eliminated upon consolidation.

Investment, dividends and other income

Investment, dividends and other income are mainly generated from our investment portfolio. We primarily invest in fixed income securities, mainly composed of corporate debt obligations, certificates of deposit, U.S. Treasuries, foreign government securities and mortgage loans.

Expenses

Premiums retained by Third-Party Agents

When customers are referred to us and we underwrite a policy, the referring Third-Party Agent retains a significant portion of the premium, which typically amounts to approximately 82% - 84% of the premium. The portion of premiums retained by Third-Party Agents is recorded as an expense. These referral expenses relate exclusively to our Underwriting segment.

For segment-level reporting, premiums retained by our Direct Agents (which are recorded as Distribution segment revenue) are recorded as part of “premiums retained by agents” expense for our Underwriting segment. The impact of these internal transactions is eliminated upon consolidation.

Title examination expense

Title examination expense is incurred in connection with the search and examination of public information prior to the issuance of title insurance policies.

Provision for claims

Provision for claims expense is comprised of three components: IBNR losses, known claims loss and loss adjustment expenses and escrow-related losses.

IBNR is a loss reserve that primarily reflects the sum of expected losses for unreported claims. The expense is calculated by applying a rate (the loss provision rate) to total title insurance premiums. The loss provision rate is determined throughout the year based in part upon an assessment performed by an independent actuarial firm utilizing generally accepted actuarial methods. The assessment also takes account of industry trends, the regulatory environment and geographic considerations and is updated during the year based on developments. This loss provision rate is set to provide for losses on current year policies. Due to our long claim exposure, our provision for claims periodically includes amounts of adverse or positive claims development on policies issued in prior years, when claims on such policies are higher or lower than initially expected.

Based on the risk profile of premium vintages over time and based upon the projections of an independent actuarial firm, we build or release reserves related to our older policies. Our IBNR may increase as a proportion of our revenue as we continue to increase the proportion of our business serviced through our Doma Intelligence platform, though we believe it will decrease over the long term as our predictive machine intelligence technology produces improved results.

Known claims loss and loss adjustment expense reserves is an expense that reflects the best estimate of the remaining cost to resolve a claim, based on the information available at the time. In practice, most claims do not settle for the initial known claims provision; rather, as new information is developed during the course of claims administration, the initial estimates are revised, sometimes downward and sometimes upward. This additional development is provided for in the actuarial projection of IBNR, but it is not allocable to specific claims. Actual costs that are incurred in the claims administration are booked to loss adjustment expense, which is primarily comprised of legal expenses associated with investigating and settling a claim.

Escrow-related losses are primarily attributable to clerical errors that arise during the escrow process and caused by the settlement agent.

Personnel costs

Personnel costs include base salaries, employee benefits, bonuses paid to employees, stock-based compensation, payroll taxes and severance. This expense is primarily driven by the average number of employees and our hiring activities in a given period.

In our presentation and reconciliation of segment results and our calculation of gross profit, we classify personnel costs as either direct or indirect expenses, reflecting the activities performed by each employee. Direct personnel costs relate to employees whose job function is directly related to our fulfillment activities, including underwriters, closing agents, escrow agents, funding agents, and title and curative agents, and are included in the calculation of our segment adjusted gross profit. Indirect personnel costs relate to employees whose roles do not directly support our transaction fulfillment activities, including sales agents, training specialists and customer success agents, segment management, research and development and other information technology personnel, and corporate support staff.

Other operating expenses

Other operating expenses are comprised of occupancy, maintenance and utilities, product taxes (for example, state taxes on premiums written), professional fees (including legal, audit and other third-party consulting costs), software licenses and sales tools, travel and entertainment costs, and depreciation and amortization, among other costs.

Long-lived asset impairment

Long-lived asset impairment consists of non-cash impairment charges relating to operating lease right-of-use assets and other fixed assets. We review these long-lived assets if events or changes in circumstances indicate that an impairment may exist. If the carrying value of these assets exceeds its fair value, an impairment loss equal to the excess is recorded.

Gain on sale of title plant

Gain on sale of title plant consists of the fair value of the consideration received, less costs to sell, in excess of the carrying amount of the sold title plant.

Change in fair value of Warrant and Sponsor Covered Shares liabilities

Change in fair value of Warrant and Sponsor Covered Shares liabilities consists of unrealized gains and losses as a result of recording our Warrants and Sponsor Covered Shares to fair value at the end of each reporting period.

Loss on sale of business

Loss on sale of business consists of the excess carrying amount of the sold business's assets and liabilities over the fair value of any consideration received less costs to sell.

Income tax expense

Although we are in a consolidated net loss position and report our federal income taxes as a consolidated tax group, we incur state income taxes in certain jurisdictions where we have profitable operations. Additionally, we incur mandatory minimum state income taxes in certain jurisdictions. Also, we have recognized deferred tax assets but have offset them with a full valuation allowance, reflecting substantial uncertainty as to their recoverability in future periods. Until we report at least three years of profitability, we may not be able to realize the tax benefits of these deferred tax assets.

Results of Operations

We discuss our historical results of operations below, on a consolidated basis and by segment. Past financial results are not indicative of future results.

Three and Six Months Ended June 30, 2023 Compared to the Three and Six Months Ended June 30, 2022

The following table sets forth a summary of our consolidated results of operations for the periods indicated, and the changes between periods.

	Three Months Ended June 30,			
	2023	2022	\$ Change	% Change
	(in thousands, except percentages)			
Revenues:				
Net premiums written	\$ 78,962	\$ 108,926	\$ (29,964)	(28)%
Escrow, other title-related fees and other	8,292	14,366	(6,074)	(42)%
Investment, dividend and other income	1,599	452	1,147	254%
Total revenues	\$ 88,853	\$ 123,744	\$ (34,891)	(28)%
Expenses:				
Premiums retained by Third-Party Agents	\$ 58,164	\$ 74,638	\$ (16,474)	(22)%
Title examination expense	4,164	5,146	(982)	(19)%
Provision for claims	5,780	6,310	(530)	(8)%
Personnel costs	27,622	73,233	(45,611)	(62)%
Other operating expenses	13,924	23,637	(9,713)	(41)%
Long-lived asset impairment	1,290	—	1,290	*
Gain on sale of title plant	(3,825)	—	(3,825)	*
Total operating expenses	\$ 107,119	\$ 182,964	\$ (75,845)	(41)%
Loss from operations	(18,266)	(59,220)	40,954	(69)%
Other (expense) income:				
Change in fair value of Warrant and Sponsor Covered Shares liabilities	108	5,193	(5,085)	(98)%
Interest expense	(5,943)	(4,489)	(1,454)	32%
Loss on sale of business	(11,591)	—	(11,591)	*
Loss before income taxes	(35,692)	(58,516)	22,824	(39)%
Income tax expense	(185)	(136)	(49)	36%
Net loss	\$ (35,877)	\$ (58,652)	\$ 22,775	(39)%

* = Not presented as prior period amount is zero

	Six Months Ended June 30,			
	2023	2022	\$ Change	% Change
	(in thousands, except percentages)			
Revenues:				
Net premiums written	\$ 145,732	\$ 204,592	\$ (58,860)	(29)%
Escrow, other title-related fees and other	14,890	30,479	(15,589)	(51)%
Investment, dividend and other income	2,599	880	1,719	195%
Total revenues	\$ 163,221	\$ 235,951	\$ (72,730)	(31)%
Expenses:				
Premiums retained by Third-Party Agents	\$ 107,348	\$ 135,240	\$ (27,892)	(21)%
Title examination expense	6,164	11,127	(4,963)	(45)%
Provision for claims	9,739	10,921	(1,182)	(11)%
Personnel costs	68,191	151,026	(82,835)	(55)%
Other operating expenses	29,363	46,391	(17,028)	(37)%
Long-lived asset impairment	1,471	—	1,471	*
Gain on sale of title plant	(3,825)	—	(3,825)	*
Total operating expenses	\$ 218,451	\$ 354,705	\$ (136,254)	(38)%
Loss from operations	(55,230)	(118,754)	63,524	(53)%
Other (expense) income:				
Change in fair value of Warrant and Sponsor Covered Shares liabilities	123	19,093	(18,970)	(99)%
Interest expense	(10,932)	(8,696)	(2,236)	26%
Loss on sale of business	(11,591)	—	(11,591)	*
Loss before income taxes	(77,630)	(108,357)	30,727	(28)%
Income tax expense	(370)	(321)	(49)	15%
Net loss	\$ (78,000)	\$ (108,678)	\$ 30,678	(28)%

* = Not presented as prior period amount is zero

Revenue

Net premiums written. Net premiums written decreased by \$30.0 million, or 28%, in the three months ended June 30, 2023 compared to the same period in the prior year, driven by a 57% decrease in premiums from our Direct Agents channel and a 21% decrease in premiums from our Third-Party Agents channel. Net premiums written decreased by \$58.9 million, or 29%, in the six months ended June 30, 2023 compared to the same period in the prior year, driven by a 64% decrease in premiums from our Direct Agents channel and a 20% decrease in premiums from our Third-Party Agents channel.

For the three and six months ended June 30, 2023, Direct Agents premium decline was driven by closed order decline of 63% and 71%, respectively. For the three and six months ended June 30, 2022, the decrease in premiums from our Third-Party Agents channel was driven by an overall decrease in market activity, specifically in the refinance market, resulting from the rising interest rate environment, partially offset by an increase in premiums associated with new home buildings that closed during the periods.

Escrow, other title-related fees and other. Escrow, other title-related fees and other decreased \$6.1 million, or 42%, in the three months ended June 30, 2023 compared to the same period in the prior year, driven by the corresponding closed order decline of 63%. The decline in closed order activity was partially offset by higher average escrow fees per direct order of 54% during the same period resulting from a higher mix of purchase orders. Escrow, other title-related fees and other decreased \$15.6 million, or 51%, in the six months ended June 30, 2023 compared to the same period in the prior year, driven by the corresponding closed order decline of 71%. The decline in closed order activity was partially offset by higher average escrow fees per order of 69% during the same period resulting from a higher mix of purchase orders.

Investment, dividend and other income. Investment, dividend and other income increased \$1.1 million, or 254%, and \$1.7 million, or 195%, in the three and six months ended June 30, 2022, respectively, compared to the same period in the prior year, primarily due to a larger invested asset base and the higher interest rate environment creating higher returns on invested assets.

Expenses

Premiums retained by Third-Party Agents. Premiums retained by Third-Party Agents decreased by \$16.5 million, or 22%, in the three months ended June 30, 2023 and by \$27.9 million, or 21% for the six months ended June 30, 2023 compared to the same period in the prior year. These movements were driven principally by decreases in premium in our Third-Party Agents channel. There was no material change in the average commissions paid to our Third-Party Agents.

Title examination expense. Title examination expense decreased by \$1.0 million, or 19%, and by \$5.0 million, or 45%, in the three and six months ended June 30, 2022, respectively, compared to the same period in the prior year, due to the corresponding declines in order volumes and escrow, other title-related fees and other revenue.

Provision for claims. Provision for claims decreased by \$0.5 million, or 8%, in the three months ended June 30, 2023 compared to the same period in the prior year, primarily due to a reduction in the provision for claims related to the current year due to the corresponding decrease in premiums written. This was offset by an increase in reserve development for claims incurred from prior period business. For the three months ended June 30, 2023, reserve increases related to prior period policies were \$1.1 million compared to reserve releases of \$1.1 million for the corresponding period in the prior year. The provision for claims, expressed as a percentage of net premiums written, was 7.3% and 5.8% for the three months ended June 30, 2023 and 2022, respectively.

Provision for claims decreased by \$1.2 million, or 11%, in the six months ended June 30, 2023 compared to the same period in the prior year, primarily due to a reduction in the provision for claims related to the current year due to the corresponding decrease in premiums written. This was offset by an increase in reserve development for claims incurred from prior period business. For the six months ended June 30, 2023, reserve increases related to prior period policies were \$2.2 million compared to reserve releases of \$2.1 million for the corresponding period in the prior year. The provision for claims, expressed as a percentage of net premiums written, was 6.7% and 5.3% for the six months ended June 30, 2023 and 2022, respectively.

Personnel costs. Personnel costs decreased by \$45.6 million, or 62%, in the three months ended June 30, 2023 and by \$82.8 million, or 55%, in the six months ended June 30, 2023 compared to the same period in the prior year, due to decreases in direct and indirect labor, corporate support and customer acquisition expenses from previously disclosed workforce reduction plans and the overall declines in revenue. The Company's personnel costs benefited during the quarter as a result of the workforce reduction plans.

Other operating expenses. Other operating expenses decreased by \$9.7 million, or 41%, in the three months ended June 30, 2023 and by \$17.0 million, or 37%, in the six months ended June 30, 2023 compared to the same period in the prior year, primarily due to corresponding decreases in personnel and revenues. The Company requires less operating expenses to support the lower revenue volume and personnel footprint. Declines in outside professional service fees, occupancy, IT hardware and software, travel and entertainment, and premium taxes resulting from the overall reduction in revenue and personnel all drove the decline in operating expenses.

Long-lived asset impairment. Long-lived asset impairment increased by \$1.3 million and \$1.5 million in the three months and six months ended June 30, 2023, respectively, compared to the same period in the prior year, due to impairment of our operating lease right-of-use assets and related fixed assets related to vacating locations as a result of a smaller workforce.

Gain on sale of title plant. Gain on sale of title plant increased by \$3.8 million in the three months and six months ended June 30, 2023 compared to the same period in the prior year, due to the fair value of the consideration received, less costs to sell, in excess of the carrying amount of the sold title plant in Texas.

Change in fair value of Warrant and Sponsor Covered Shares liabilities. The change in fair value of Warrant and Sponsor Covered Shares liabilities (as defined in Note 3) decreased by \$5.1 million in the three months ended June 30, 2023 and by \$19.0 million in the six months ended June 30, 2023 compared to the same period in the prior year, due to changes in the inputs to the valuation of the liabilities, primarily the Company's declining stock price. In 2022, the change in fair value of Warrant and Sponsor Covered Shares liabilities was a benefit resulting from a decline in the stock price during that period. The change in fair value of Warrant and Sponsor Covered Shares liabilities was a smaller benefit in the three and six months ended June 30, 2022 due to the Company's relatively lower stock price.

Interest expense. Interest expense increased by \$1.5, or 32%, in the three months ended June 30, 2023 and by \$2.2 million, or 26%, in the six months ended June 30, 2023 compared to the same period in the prior year, due to a higher amount of debt outstanding, which is a result of the paid in kind interest expense on the \$150.0 million Senior Debt facility that was funded during the first quarter of 2021.

Loss on sale of business. Loss on sale of business increased by \$11.6 million in the three months ended June 30, 2023 and in the six months ended June 30, 2023 compared to the same periods in the prior year, due to the excess carrying amount of the sold business's assets and liabilities in the WFG Asset Sale, as defined and further described in Note 3, over the fair value of the consideration received.

Supplemental Segment Results Discussion – Three and Six Months Ended June 30, 2023 Compared to the Three and Six Months Ended June 30, 2022

The following table sets forth a summary of the results of operations for our Distribution and Underwriting segments for the years indicated. See “—Basis of Presentation” above.

	Three Months Ended June 30, 2023				Three Months Ended June 30, 2022			
	Distribution	Underwriting	Eliminations	Consolidated	Distribution	Underwriting	Eliminations	Consolidated
	(in thousands)							
Net premiums written	\$ —	\$ 78,962	\$ —	\$ 78,962	\$ —	\$ 108,926	\$ —	\$ 108,926
Escrow, other title-related fees and other (1)	14,625	595	(6,928)	8,292	30,013	535	(16,182)	14,366
Investment, dividend and other income	374	1,225	—	1,599	(33)	485	—	452
Total revenue	\$ 14,999	\$ 80,782	\$ (6,928)	\$ 88,853	\$ 29,980	\$ 109,946	\$ (16,182)	\$ 123,744
Premiums retained by agents (2)	—	65,092	(6,928)	58,164	—	90,820	(16,182)	74,638
Direct labor (3)	7,045	2,886	—	9,931	21,091	2,799	—	23,890
Other direct costs (4)	3,551	2,609	—	6,160	5,374	2,642	—	8,016
Provision for claims	451	5,329	—	5,780	1,257	5,053	—	6,310
Adjusted gross profit (5)	\$ 3,952	\$ 4,866	\$ —	\$ 8,818	\$ 2,258	\$ 8,632	\$ —	\$ 10,890

	Six Months Ended June 30, 2023				Six Months Ended June 30, 2022			
	Distribution	Underwriting	Eliminations	Consolidated	Distribution	Underwriting	Eliminations	Consolidated
	(in thousands)							
Net premiums written	\$ —	\$ 145,732	\$ —	\$ 145,732	\$ —	\$ 204,592	\$ —	\$ 204,592
Escrow, other title-related fees and other (1)	26,495	1,160	(12,765)	14,890	64,293	1,338	(35,152)	30,479
Investment, dividend and other income	456	2,143	—	2,599	(19)	899	—	880
Total revenue	\$ 26,951	\$ 149,035	\$ (12,765)	\$ 163,221	\$ 64,274	\$ 206,829	\$ (35,152)	\$ 235,951
Premiums retained by agents (2)	—	120,113	(12,765)	107,348	—	170,392	(35,152)	135,240
Direct labor (3)	17,095	5,773	—	22,868	46,644	5,044	—	51,688
Other direct costs (4)	5,563	4,414	—	9,977	11,433	5,409	—	16,842
Provision for claims	1,251	8,488	—	9,739	1,856	9,065	—	10,921
Adjusted gross profit (5)	\$ 3,042	\$ 10,247	\$ —	\$ 13,289	\$ 4,341	\$ 16,919	\$ —	\$ 21,260

(1) Includes fee income from closings, escrow, title exams, ceding commission income, as well as premiums retained by Direct Agents.

(2) This expense represents a deduction from the net premiums written for the amounts that are retained by Direct Agents and Third-Party Agents as compensation for their efforts to generate premium income for our Underwriting segment. The impact of premiums retained by our Direct Agents and the expense for reinsurance or co-insurance procured on Direct Agent sourced premiums are eliminated in consolidation.

(3) Includes all compensation costs, including salaries, bonuses, incentive payments, and benefits, for personnel involved in the direct fulfillment of title and/or escrow services. Direct labor excludes severance costs.

(4) Includes title examination expense, office supplies, and premium and other taxes.

(5) See “—Non-GAAP Financial Measures—Adjusted gross profit” below for a reconciliation of consolidated adjusted gross profit, which is a non-GAAP measure, to our gross profit, the most closely comparable GAAP financial measure.

Distribution segment revenue decreased by \$15.0 million, or 50%, and \$37.3 million, or 58%, for three and six months ended June 30, 2023, respectively, compared to the same period in the prior year driven by the closed order decline discussed above. For the three and six months ended June 30, 2023, higher average escrow revenue per order from a higher ratio of purchase orders, which carry a higher price point compared to refinance orders, offset the decrease in closed orders.

Underwriting segment revenue decreased by \$29.2 million, or 27%, and \$57.8 million, or 28%, for the three and six months ended June 30, 2023, respectively, as compared to the same period in the prior year, reflecting the reduction in title policies underwritten from Direct and Third-Party Agents as a result of current market conditions, partially offset by an increase in premiums associated with new home buildings that closed during the periods.

Distribution segment adjusted gross profit increased by \$1.7 million, or 75%, and for the three months ended June 30, 2023 compared to the same period in the prior year, due to lower direct labor as a percentage of segment revenue as a result of previously disclosed workforce reduction plans and the Company's efforts to close unprofitable Local branches. Distribution segment adjusted gross profit decreased by \$1.3 million, or 30%, for the six months ended June 30, 2023 compared to the same period in the prior year, driven by lower retained premiums and fees from closed order decline and an increase in the provision for claims ratio, partially offset by lower direct labor as a percentage of segment revenue.

Underwriting segment adjusted gross profit decreased by \$3.8 million, or 44%, and \$6.7 million, or 39%, for the three and six months ended June 30, 2023, respectively, compared to the same period in the prior year, reflecting the reduction in title policies underwritten from both Direct and Third-Party Agents as a result of current market conditions. For the three and six months ended June 30, 2023, contributing to the declines are higher direct labor expenses as a percentage of revenue, an increase in the provision for claims ratio, and increased title exam and closing costs as a percentage of revenue.

Supplemental Key Operating and Financial Indicators Results Discussion – Three and Six Months Ended June 30, 2023 Compared to the Three and Six Months Ended June 30, 2022

The following table presents our key operating and financial indicators, including our non-GAAP financial measures, for the periods indicated, and the changes between periods. This discussion should be read only as a supplement to the discussion of our GAAP results above. See “—Non-GAAP Financial Measures” below for important information about the non-GAAP financial measures presented below and their reconciliation to the respective most closely comparable GAAP measures.

	Three Months Ended June 30,			
	2023	2022	\$ Change	% Change
	(in thousands, except percentages and open and closed order numbers)			
Opened orders	8,368	25,231	(16,863)	(67)%
Closed orders	7,036	18,799	(11,763)	(63)%
Retained premiums and fees	\$ 30,689	\$ 49,106	\$ (18,417)	(38)%
Adjusted gross profit	8,818	10,890	(2,072)	(19)%
Ratio of adjusted gross profit to retained premiums and fees	29%	22%	7%	30%
Adjusted EBITDA	\$ (13,707)	\$ (43,390)	\$ 29,683	(68)%

	Six Months Ended June 30,			
	2023	2022	\$ Change	% Change
	(in thousands, except percentages and open and closed order numbers)			
Opened orders	18,308	60,423	(42,115)	(70)%
Closed orders	13,316	46,146	(32,830)	(71)%
Retained premiums and fees	\$ 55,873	\$ 100,711	\$ (44,838)	(45)%
Adjusted gross profit	13,289	21,260	(7,971)	(37)%
Ratio of adjusted gross profit to retained premiums and fees	24%	21%	3%	13%
Adjusted EBITDA	\$ (35,298)	\$ (88,295)	\$ 52,997	(60)%

Opened and closed orders

For the three months ending June 30, 2023, we opened 8,368 orders and closed 7,036 orders, a decrease of 67% and 63% respectively, over the same period in the prior year. For the six months ending June 30, 2023, we opened 18,308 orders and closed 13,316 orders, a decrease of 70% and 71%, respectively, over the same period in the prior year. The decline in both open and closed orders in both periods is due to the rising interest rate environment and shrinking population of refinance-eligible homeowners along with the reduction in home inventories that limit overall home purchase transactions and maintaining a smaller branch footprint in our Local channel.

Closed orders decreased 87% and 90% in our Doma Enterprise channel for three and six months ended June 30, 2023, respectively, and decreased 46% and 54% in our Local channel for three and six months ended June 30, 2023, respectively, as compared to the same period in the prior year, due to the contracting refinance market and low home inventories and was further impacted in the Local channel by our reduction in the branch footprint.

Retained premiums and fees

Retained premiums and fees decreased by \$18.4 million, or 38%, and \$ 44.8 million, or 45%, during the three and six months ended June 30, 2023, respectively, compared to the same periods in the prior year, driven by closed order reductions and title policy declines across the Direct Agent and Third-Party Agent channels, partially offset by an increase in premiums associated with new home buildings that closed during the periods.

Adjusted gross profit

Adjusted gross profit decreased by \$2.1 million, or 19%, and \$ 8.0 million, or 37%, during the three and six months ended June 30, 2023, respectively, compared to the same periods in the prior year, due to the corresponding declines in retained premiums and fees, an increase in the provision for claims ratio and increased title exam and closing costs as a percentage of retained premiums and fees. Partially offsetting these factors were lower direct labor as a result of the workforce reduction actions taken during the second half of 2022.

Ratio of adjusted gross profit to retained premiums and fees

The ratio of adjusted gross profit to retained premiums and fees increased 7 percentage points and 3 percentage points during the three and six months ended June 30, 2023, respectively, compared to the same periods in the prior year due to lower direct labor as a result of the workforce reduction actions taken during the second half of 2022. Offsetting impacts to the ratio of adjusted gross profit to retained premiums and fees during the three and six months ended June 30, 2023 were increases in the provision for claims ratio, premium taxes as a percentage of retained premiums and fees, and increased title exam and closing costs as a percentage of retained premiums and fees.

Adjusted EBITDA

Adjusted EBITDA improved by \$29.7 million to negative \$13.7 million and by \$ 53.0 million to negative \$35.3 million for the three and six months ended June 30, 2023, respectively, due to the reduction in personnel and other operating expenses that are a direct result of the workforce reduction actions taken during the second half of 2022 and the Company's efforts to close unprofitable Local branches.

Non-GAAP Financial Measures

The non-GAAP financial measures described in this Quarterly Report should be considered only as supplements to results prepared in accordance with GAAP and should not be considered as substitutes for GAAP results. These measures, retained premiums and fees, adjusted gross profit, and adjusted EBITDA, have not been calculated in accordance with GAAP and are therefore not necessarily indicative of our trends or profitability in accordance with GAAP. These measures exclude or otherwise adjust for certain cost items that are required by GAAP. Further, these measures may be defined and calculated differently than similarly-titled measures reported by other companies, making it difficult to compare our results with the results of other companies. We caution investors against undue reliance on our non-GAAP financial measures as a substitute for our results in accordance with GAAP.

Management uses these non-GAAP financial measures, in conjunction with GAAP financial measures to: (i) monitor and evaluate the growth and performance of our business operations; (ii) facilitate internal comparisons of the historical operating performance of our business operations; (iii) facilitate external comparisons of the results of our overall business to the historical operating performance of other companies that may have different capital structures or operating histories; (iv) review and assess the performance of our management team and other employees; and (v) prepare budgets and evaluate strategic planning decisions regarding future operating investments.

Retained premiums and fees

The following presents our retained premiums and fees and reconciles the measure to our gross profit, the most closely comparable GAAP financial measure, for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Revenue	\$ 88,853	\$ 123,744	\$ 163,221	\$ 235,951
<i>Minus:</i>				
Premiums retained by Third-Party Agents	58,164	74,638	107,348	135,240
Retained premiums and fees	\$ 30,689	\$ 49,106	\$ 55,873	\$ 100,711
<i>Minus:</i>				
Direct labor	9,931	23,890	22,868	51,688
Provision for claims	5,780	6,310	9,739	10,921
Depreciation and amortization	3,071	3,747	6,146	6,983
Other direct costs ⁽¹⁾	6,160	8,016	9,977	16,842
Gross Profit	\$ 5,747	\$ 7,143	\$ 7,143	\$ 14,277

(1) Includes title examination expense, office supplies, and premium and other taxes.

Adjusted gross profit

The following table reconciles our adjusted gross profit to our gross profit, the most closely comparable GAAP financial measure, for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Gross Profit	\$ 5,747	\$ 7,143	\$ 7,143	\$ 14,277
<i>Adjusted for:</i>				
Depreciation and amortization	3,071	3,747	6,146	6,983
Adjusted Gross Profit	<u>\$ 8,818</u>	<u>\$ 10,890</u>	<u>\$ 13,289</u>	<u>\$ 21,260</u>

Adjusted EBITDA

The following table reconciles our adjusted EBITDA to our net loss, the most closely comparable GAAP financial measure, for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Net loss (GAAP)	\$ (35,877)	\$ (58,652)	\$ (78,000)	\$ (108,678)
<i>Adjusted for:</i>				
Depreciation and amortization	3,071	3,747	6,146	6,983
Interest expense	5,943	4,489	10,932	8,696
Income taxes	185	136	370	321
EBITDA	<u>\$ (26,678)</u>	<u>\$ (50,280)</u>	<u>\$ (60,552)</u>	<u>\$ (92,678)</u>
<i>Adjusted for:</i>				
Stock-based compensation	1,293	8,255	6,990	19,648
Severance and interim salary costs	2,730	3,828	9,150	3,828
Long-lived asset impairment	1,290	—	1,471	—
Change in fair value of Warrant and Sponsor Covered Shares liabilities	(108)	(5,193)	(123)	(19,093)
Loss on sale of business	11,591	—	11,591	—
Gain on sale of title plant	(3,825)	—	(3,825)	—
Adjusted EBITDA	<u>\$ (13,707)</u>	<u>\$ (43,390)</u>	<u>\$ (35,298)</u>	<u>\$ (88,295)</u>

Liquidity and Capital Resources

We measure liquidity in terms of our ability to fund the cash requirements of our business operations, including our working capital and capital expenditure needs and other commitments. Our recurring working capital requirements relate mainly to our cash operating costs. Our capital expenditure requirements consist mainly of software development related to our Doma Intelligence platform.

We had \$82.5 million in cash and cash equivalents and restricted cash, \$41.6 million in held-to-maturity debt securities, and \$57.0 million in available-for-sale debt securities as of June 30, 2023. We believe our cash on hand, held-to-maturity debt securities, and the available-for-sale debt securities will be sufficient to meet our working capital and capital expenditure requirements for a period of at least 12 months from the date of this Quarterly Report.

We may need additional cash due to changing business conditions or other developments, including unanticipated regulatory developments and competitive pressures. To the extent that our current resources are insufficient to satisfy our cash requirements, we may need to seek additional equity or debt financing.

Debt*Senior secured credit agreement*

In December 2020, Old Doma entered into a loan and security agreement with Hudson Structured Capital Management Ltd. (“HSCM”), providing for a \$150.0 million senior secured term loan (“Senior Debt”), which was fully funded by the lenders, which are affiliates of HSCM, at its principal face value on January 29, 2021 (the “Funding Date”) and matures on the fifth anniversary of the Funding Date. The Senior Debt bears interest at a rate of 11.25% per annum, of which 5.0% is payable in cash in arrears and the remaining 6.25% accrues to the outstanding principal balance on a PIK basis. Interest is payable or compounded, as applicable, quarterly. Principal prepayments on the Senior Debt are permitted, subject to a premium, which declines from 4% in 2023 to zero in 2024.

The Senior Debt is secured by a first-priority pledge and security interest in substantially all of the assets of our wholly owned subsidiary States Title (which represents substantially all of our assets), including the assets of any of its existing and future domestic subsidiaries (in each case, subject to customary exclusions, including the exclusion of regulated insurance company subsidiaries). The Senior Debt is subject to customary affirmative and negative covenants, including limits on the incurrence of debt and restrictions on acquisitions, sales of assets, dividends and certain restricted payments. The Senior Debt is also subject to two financial maintenance covenants, related to liquidity and revenues. The liquidity covenant requires States Title to have at least \$20.0 million of liquidity, calculated as of the last day of each month, as the sum of (i) our unrestricted cash and cash equivalents and (ii) the aggregate unused and available portion of any working capital or other revolving credit facility. The revenue covenant, which is tested as of the last day of each fiscal year, requires that States Title’s consolidated GAAP revenue for the year to be greater than \$130.0 million. The Senior Debt is subject to customary events of default and cure rights. As of the date of this Quarterly Report, States Title is in compliance with all Senior Debt covenants.

Upon funding, Old Doma issued penny warrants to affiliates of HSCM equal to 1.35% of Old Doma’s fully diluted shares. The warrants were net exercised on the Closing Date and such affiliates of HSCM received the right to receive approximately 0.2 million shares of our common stock.

On May 19, 2023, Old Doma and certain subsidiaries of the Company, as guarantors, entered into the third amendment to the Senior Debt agreement (the “Third Amendment”). The Third Amendment amends certain mandatory prepayment provisions related to the disposition of assets by Old Doma or any of its subsidiaries such that Old Doma is required, within five business days following the receipt of net cash proceeds from dispositions in excess of \$750,000 in any fiscal year (other than certain permitted dispositions), to repay the outstanding principal amount of term loan borrowings in an amount equal to 100% of such excess net cash proceeds received by Old Doma or any of its subsidiaries from such dispositions, unless HSCM, as agent, otherwise agrees. Approximately two-thirds of the net cash proceeds from the WFG Asset Sale and from the sale of the title plant in Texas described in Note 2 to the condensed consolidated financial statements were used to repay \$9.2 million of the Senior Debt. The remaining net cash proceeds from the WFG Asset Sale and from the sale of the title plant in Texas described in Note 2 to the condensed consolidated financial statements are recorded as a receivable from HSCM payable to us upon the occurrence of certain strategic events.

Other commitments and contingencies

Our commitments for leases, related to our office space and equipment, amounted to \$26.2 million as of June 30, 2023 of which \$4.1 million is payable in 2023. Refer to Note 17 to our condensed consolidated financial statements for a summary of our future commitments. Our headquarters lease expires in 2024. As of June 30, 2023, we did not have any other material commitments for cash expenditures.

We also administer escrow deposits as a service to customers, a substantial portion of which are held at third-party financial institutions. Such deposits are not reflected on our balance sheet, but we could be contingently liable for them under certain circumstances (for example, if we dispose of escrowed assets). Such contingent liabilities have not materially impacted our results of operations or financial condition to date and are not expected to do so in the near term.

Cash flows

The following table summarizes our cash flows for the periods indicated:

	Six Months Ended June 30,	
	2023	2022
	(in thousands)	
Net cash used in operating activities	\$ (49,066)	\$ (100,588)
Net cash provided by (used in) investing activities	59,252	(54,116)
Net cash provided by (used in) financing activities	(9,025)	174

Operating activities

In the first six months of 2023, net cash used in operating activities was \$49.1 million driven by the net loss of \$78.0 million and cash paid for accrued expenses of \$10.4 million. This was offset by changes in trade and other receivables of \$7.0 million, and non-cash costs including loss on sale of business of \$11.6 million, stock-based compensation expense of \$6.8 million and depreciation and amortization of \$6.1 million, net of gain on sale of title plant.

In the first six months of 2022, net cash used in operating activities was \$100.6 million driven by the net loss of \$108.7 million, cash paid for accrued expenses of \$16.4 million and non-cash costs relating to the change in the fair value of warrant and Sponsor Covered Shares liabilities of \$19.1 million. This was offset by changes in prepaid expenses, deposits and other assets of \$5.4 million and the liability for loss and loss adjustments expenses of \$4.7 million and non-cash costs including depreciation and amortization of \$7.0 million and stock-based compensation expense of \$20.0 million

Investing activities

Our capital expenditures have historically consisted mainly of costs incurred in the development of the Doma Intelligence platform. Our other investing activities generally consist of transactions in fixed maturity investment securities to provide regular interest payments.

In the first six months of 2023, net cash provided by investing activities was \$59.3 million, and reflected \$61.5 million of purchases of investments offset by \$112.0 million of proceeds from the maturity of held-to-maturity and available-for-sale investments and proceeds from the sale of business and the sale of a title plant, net of costs to sell, of \$14.0 million. Cash paid for fixed assets was \$5.6 million in the same period, largely consisting of technology development costs related to the Doma Intelligence platform.

In the first six months of 2022, net cash used in investing activities was \$54.1 million, and reflected \$2.1 million and \$49.6 million of purchases of held-to-maturity and available-for-sale fixed maturity securities, respectively, offset by \$17.0 million of proceeds from the sale of held-to-maturity investments. Cash paid for fixed assets was \$20.6 million in the same period, largely consisting of technology development costs related to the Doma Intelligence platform.

Financing activities

In the first six months of 2023, net cash used in financing activities was \$9.0 million driven by repayments on the Company's senior secured credit agreement of \$9.2 million.

Net cash provided by financing activities was immaterial in the first six months of 2022.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with GAAP. Preparation of the financial statements requires management to make several judgments, estimates and assumptions relating to the reported amount of revenue and expenses, assets and liabilities and the disclosure of contingent assets and liabilities. We evaluate our significant estimates on an ongoing basis, including, but not limited to, liability for loss and loss adjustment expenses, goodwill, accrued net premiums written from Third-Party Agent referrals, and the Sponsor Covered Shares liability. We consider an accounting judgment, estimate or assumption to be critical when (1) the estimate or assumption is complex in nature or requires a high degree of judgment and (2) the use of different judgments, estimates and assumptions could have a material impact on our consolidated financial statements. Our significant accounting policies are described in Note 2 to our annual audited consolidated financial statements. Our critical accounting estimates are described below.

Liability for loss and loss adjustment expenses

Our liability for loss and loss adjustment expenses include mainly reserves for known claims as well as reserves for IBNR claims. Each known claim is reserved based on our estimate of the costs required to settle the claim.

We estimate the loss provision rate at the beginning of each year and reassess the rate at midyear as of June 30 of every year to ensure that the resulting sum of the known claim reserves, IBNR loss, and loss adjustment expense reserves included in our balance sheet together reflect our best estimate of the total costs required to settle all IBNR and known claims. However, our estimates could prove to be inadequate. Changes in expected ultimate losses and corresponding loss rates for recent policy years are considered likely and could result in a material adjustment to the IBNR reserves.

IBNR is a loss reserve that primarily reflects the sum of expected losses for unreported claims. Our IBNR reserves generally relate to the five most recent policy years. For policy years at the early stage of development (generally the last five years), IBNR is generally estimated using a combination of expected loss rate and multiplicative loss development factor calculations. For more mature policy years, IBNR generally is estimated using multiplicative loss development factor calculations. The expected loss rate method estimates IBNR by applying an expected loss rate to total title insurance premiums and escrow fees, and adjusting for policy year maturity using estimated loss development patterns. Multiplicative loss development factor calculations estimate IBNR by applying factors derived from loss development patterns to losses realized to date. The expected loss rate and loss development patterns are based on historical experience. Due to our long claim exposure, our provision for claims periodically includes amounts of adverse or positive claims development on policies issued in prior years, when claims on such policies are higher or lower than initially expected. The provision rate on prior year policies will continue to change as actual experience on those specific policy years develop. Changes in the loss provision rate for recent policy years are considered likely and could result in a material adjustment to the IBNR reserves.

The estimates used require considerable judgment and are established as management's best estimate of future outcomes, however, the amount of IBNR reserved based on these estimates could ultimately prove to be inadequate to cover actual future claims experience. We continually monitor for any events and/or circumstances that arise during the year which may indicate that the assumptions used to record the provision for claims estimate requires reassessment.

Our total loss reserve as of June 30, 2023 amounted to \$83.7 million, which we believe, based on historical claims experience and actuarial analyses, is adequate to cover claim losses resulting from pending and future claims for policies issued through June 30, 2023.

A summary of the Company's loss reserves is as follows:

	June 30, 2023		December 31, 2022	
	(\$ in thousands)			
Known title claims	\$ 7,962	9%	\$ 7,134	9%
IBNR title claims	75,448	90%	74,738	90%
Total title claims	\$ 83,410	99%	\$ 81,872	99%
Non-title claims	250	1%	198	1%
Total loss reserves	\$ 83,660	100%	\$ 82,070	100%

We continually review and adjust our reserve estimates to reflect loss experience and any new information that becomes available.

Goodwill

We have significant goodwill on our balance sheet related to acquisitions, as goodwill represents the excess of the acquisition price over the fair value of net assets acquired and liabilities assumed in a business combination. Goodwill is tested and reviewed annually for impairment on October 1 of each year, and between annual tests if events or circumstances arise that would more likely than not reduce the fair value of any one of our reporting units below its respective carrying amount. In addition, an interim impairment test may be completed upon a triggering event or when there is a reorganization of reporting structure or disposal of all or a portion of a reporting unit. As of June 30, 2023, we had \$27.0 million of goodwill, relating to the North American Title Acquisition, of which \$3.6 million and \$23.4 million was allocated to our Distribution and Underwriting reporting units, respectively.

In performing our annual goodwill impairment test, we first perform a qualitative assessment, which requires that we consider significant estimates and assumptions regarding macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, changes in management or key personnel, changes in strategy, changes in customers, changes in the composition or carrying amount of a reporting unit or other factors that have the potential to impact fair value. If, after assessing the totality of events and circumstances, we determine that it is more likely than not that the fair values of our reporting units are greater than the carrying amounts, then the quantitative goodwill impairment test is not performed, as goodwill is not considered to be impaired. However, if we determine that the fair value of a reporting unit is more likely than not to be less than its carrying value, then a quantitative assessment is performed. For the quantitative assessment, the determination of estimated fair value of our reporting units requires us to make assumptions about future discounted cash flows, including profit margins, long-term forecasts, discount rates and terminal growth rates and, if possible, a comparable market transaction model. The Company believes that its procedures for estimating future cash flows for each reporting unit are reasonable and consistent with market conditions as of the testing date. If the markets that impact the Company's business continue to deteriorate, the Company could recognize further goodwill impairment. If, based upon the quantitative assessment, the reporting unit fair value is less than the carrying amount, a goodwill impairment is recorded equal to the difference between the carrying amount of the reporting unit's goodwill and its fair value, not to exceed the carrying value of goodwill allocated to that reporting unit, and a corresponding impairment loss is recorded in the consolidated statements of operations.

We did not identify any events, changes in circumstances, or triggering events since the performance of our last goodwill impairment test as of December 31, 2022 that would require us to perform an interim goodwill impairment test during the quarter.

Accrued net premiums written from Third-Party Agent referrals

We recognize revenues on title insurance policies issued by Third-Party Agents when notice of issuance is received from Third-Party Agents, which is generally when cash payment is received. In addition, we estimate and accrue for revenues on policies sold but not reported by Third-Party Agents as of the relevant balance sheet closing date. This accrual is based on historical transactional volume data for title insurance policies that have closed and were not reported before the relevant balance sheet closing, as well as trends in our operations and in the title and housing industries. There could be variability in the amount of this accrual from period to period and amounts subsequently reported to us by Third-Party Agents may differ from the estimated accrual recorded in the preceding period. If the amount of revenue subsequently reported to us by Third-Party Agents is higher or lower than our estimate, we record the difference in revenue in the period in which it is reported. The time lag between the closing of transactions by Third-Party Agents and the reporting of policies, or premiums from policies issued by Third-Party Agents to us has been approximately three months. In addition to the premium accrual, we also record accruals for the corresponding direct expenses related to this revenue, including premiums retained by Third-Party Agents, premium taxes, and provision for claims.

Sponsor Covered Shares liability

The Sponsor Covered Shares, as described in Note 3, will become vested contingent upon the price of our common stock exceeding certain thresholds or upon some strategic events, which include events that are not indexed to our common stock.

We obtained a third-party valuation of the Sponsor Covered Shares as of December 31, 2022 using the Monte Carlo simulation methodology and based upon market inputs regarding stock price, dividend yield, expected term, volatility and risk-free rate. The share price represents the trading price as of each valuation date. The expected dividend yield is zero as we have never declared or paid cash dividends and have no current plans to do so during the expected term. The expected term represents the vesting period, which is 8.2 years. The expected volatility of 65.0% was estimated considering (i) the Doma implied volatility calculated using longest term stock option (ii) the Doma implied warrant volatility using the term of the Public and Private Warrants and (iii) median leverage adjusted (asset) volatility calculated using a set of Guideline Public Companies ("GPCs"). Volatility for the GPCs was calculated over a lookback period of 8.2 years (or longest available data for GPCs whose trading history was shorter than 8.2 years), commensurate with the contractual term of the Sponsor Covered Shares. The risk-free rate utilizes the 10-year U.S. Constant Maturity. Finally, the annual change in control probability is estimated to be 2.0%.

As of June 30, 2023, the Sponsor Covered Shares liability amounted to \$0.1 million.

New Accounting Pronouncements

For information about recently issued accounting pronouncements, refer to Note 2 to our condensed consolidated financial statements included elsewhere in this filing.

Emerging Growth Company Accounting Election

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”) exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s condensed financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

Our principal market risk is interest rate risk because our results of operations can vary due to changes in interest rates. In a declining interest rate environment, we would expect our results of operations to be positively impacted by higher loan refinancing activity. However, in a rising interest rate environment, we would expect our results of operations to be negatively impacted by lower loan refinancing activity. We would expect both of these scenarios to be mitigated by home purchase loan activity. Fluctuations in interest rates may also impact the interest income earned on floating-rate investments and the fair value of our fixed-rate investments. An increase in interest rates decreases the market value of fixed-rate investments. Conversely, a decrease in interest rates increases the fair market value of fixed-rate investments.

Additionally, we analyze potential changes in the value of our investment portfolio due to the market risk factors noted above within the overall context of asset and liability management. A technique we use in the management of our investment portfolio is the calculation of duration. Our actuaries estimate the payout pattern of our reserve liabilities to determine their duration, which is the present value of the weighted average payments expressed in years. We then establish a target duration for our investment portfolio so that at any given time the estimated cash generated by the investment portfolio will closely match the estimated cash required for the payment of the related reserves or for operations. We structure the investment portfolio to meet the target duration to achieve the required cash flow, based on liquidity and market risk factors.

The Company’s debt security portfolio is subject to credit risk. For further information on the credit quality of the Company’s investment portfolio at June 30, 2023, see Note 4 to the consolidated financial statements.

The Company also has credit risk related to the ability of reinsurance counterparties to honor their obligations to pay the contract amounts under our reinsurance programs. For information on our reinsurance programs, see Note 2 to the consolidated financial statements.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of June 30, 2023. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of June 30, 2023, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (b) accumulated and communicated to management, including our principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No change 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 fiscal quarter covered by this Quarterly Report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

In the ordinary course of business, the Company is, or may become, involved in various pending or threatened litigation matters related to our operations, some of which may include claims for punitive or exemplary damages. For our business, customary litigation includes, but is not limited to, cases related to title and escrow claims, for which we make provisions through our loss reserves. Further, ordinary course litigation may include class action and purported class action lawsuits.

For additional information regarding legal proceedings, see Part I, Item 3. “Legal Proceedings” in our annual report on Form 10-K for the year ended December 31, 2022 (the “Annual Report”). See also the information set forth in Note 12 “Legal Matters” contained in Part I, Item 1 “Financial Information” of this Quarterly Report.

Item 1A. Risk Factors

Factors that could cause our actual results to differ materially from those in this Quarterly Report include the risk factors described in Part I, Item 1A “Risk Factors” in our Annual Report. As of the date of this Quarterly Report, there have been no material changes to the risk factors disclosed in the Annual Report other than the additional risk factor described below. We may face additional risks and uncertainties that are not presently known to us or that we currently deem immaterial, which may also impair our business or financial condition.

Our workforce reductions undertaken to re-balance our cost structure may not achieve our intended outcome.

We incur substantial costs to implement restructuring plans, and our restructuring activities may subject us to litigation risk and expenses. Our past restructuring actions do not provide assurance that additional restructuring plans will not be required or implemented in the future. Further, restructuring plans may have other consequences, such as attrition beyond our planned workforce reductions, a negative impact on employee morale and productivity or our ability to attract or retain highly skilled employees. As a result, our restructuring plans may affect our revenue and other operating results in the future.

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

Recent Sales of Unregistered Equity Securities

None

Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

On August 3, 2023, the Compensation Committee of the Board of Directors of the Company, in agreement with each related named executive officer below, reduced (effective as of August 3, 2023) the base salary of (i) Max Simkoff, the Company’s Chief Executive Officer from \$750,000 to \$525,000, and (ii) Mike Smith, the Company’s Chief Financial Officer, from \$375,000 to \$263,000. Each of Messrs. Simkoff and Smith has waived any good reason objection he may have in connection with such salary reduction. Additionally, on August 3, 2023, (a) Mr. Simkoff received a special one-time equity award of 135,000 restricted stock units (“RSUs”) pursuant to the Company’s Omnibus Incentive Plan (the “Plan”) and (b) Mr. Smith received a special one-time equity award of 60,000 RSUs pursuant to the Plan. In each case, the RSUs are subject to the same terms and conditions applicable to such RSUs granted to other senior executives under the Company’s Plan. The grant vests as follows: 50% of the RSUs vest on the six-month anniversary of the grant date and the remainder vest in 4 consecutive, equal, quarterly installments such that the award is fully vested on the 18-month anniversary of the grant date; provided the reporting person is continuously employed through such date as applicable.

Item 6. Exhibits.

The exhibits listed on the Exhibit Index to this Quarterly Report on Form 10-Q are filed herewith or incorporated by reference herein:

Exhibit	Description
3.1	Certificate of Amendment to the Certificate of Incorporation of Doma Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 29, 2023).
10.1	Third Amendment to Loan and Security Agreement, dated May 19, 2023, by and among States Title Holding, Inc., the guarantors party thereto from time to time, Hudson Structured Capital Management LTD., as agent, and the lenders from time to time thereto (including Second Amendment to Loan and Security Agreement, dated July 27, 2021, attached as Exhibit A thereto) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 23, 2023).
10.2*	Asset Purchase Agreement, dated as of May 19, 2023, by and among Doma Title of California, Inc., Doma Corporate LLC and Williston Financial Group LLC.+
31.1*	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

+ Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.

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.

DOMA HOLDINGS, INC.

By: /s/ Max Simkoff

Name: Max Simkoff

Date: August 8, 2023

Title: Chief Executive Officer
(Principal Executive Officer)

DOMA HOLDINGS, INC.

By: /s/ Mike Smith

Name: Mike Smith

Date: August 8, 2023

Title: Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

ASSET PURCHASE AGREEMENT

BY

DOMA TITLE OF CALIFORNIA, INC.,

DOMA CORPORATE LLC,

AND

WILLISTON FINANCIAL GROUP LLC

DATED AS OF MAY 19, 2023

TABLE OF CONTENTS

	Page
ARTICLE I. Purchase and Sale of Assets	1
Section 1.1 Purchased Assets	2
Section 1.2 Excluded Assets	3
Section 1.3 Assumed Liabilities; Excluded Liabilities	4
Section 1.4 Purchase Price	4
Section 1.5 Payment of the Cash Purchase Price	4
Section 1.6 Working Capital Adjustment	4
Section 1.7 Deferred Payment	7
ARTICLE II. CLOSING	8
Section 2.1 Closing	8
Section 2.2 Delivery and Conveyance by Seller at Closing	8
Section 2.3 Delivery by Buyer at Closing	9
Section 2.4 Escrow Expenses	9
ARTICLE III. REPRESENTATIONS AND WARRANTIES OF SELLER	10
Section 3.1 Organization, Qualification, and Corporate Power	10
Section 3.2 Noncontravention; Consents	11
Section 3.3 Subsidiaries	12
Section 3.4 Title to Purchased Assets; Ownership of Pending Title Files Revenues	12
Section 3.5 Clients and Carriers	12
Section 3.6 Anti-Bribery and Anti-Money Laundering Compliance	13
Section 3.7 Acquisitions and Dispositions	13
Section 3.8 Financial Statements	13
Section 3.9 Absence of Undisclosed Liabilities	13
Section 3.10 Indebtedness	14
Section 3.11 Absence of Certain Developments	14
Section 3.12 Bank Statements	15
Section 3.13 Intellectual Property Rights; Data Privacy and Cybersecurity	15
Section 3.14 Compliance with Laws; Permits	17
Section 3.15 Employees and Employee Benefit Plans	17
Section 3.16 Tax Matters	18
Section 3.17 Real Estate	19
Section 3.18 Material Contracts	20
Section 3.19 Litigation	20
Section 3.20 Related Party Agreements	21
Section 3.21 Accounts Receivables	21
Section 3.22 Insurance Coverage	21
Section 3.23 Sufficiency and Condition of Assets	22
Section 3.24 Brokers	22
Section 3.25 Environmental Matters	22
Section 3.26 Title Plants	23
ARTICLE IV. REPRESENTATIONS AND WARRANTIES OF BUYER	23
Section 4.1 Organization, Standing and Corporate Power	23
Section 4.2 Authority	23

Section 4.3	Noncontravention; Consents	23
Section 4.4	Litigation	24
Section 4.5	Financial Ability	24
Section 4.6	Independent Investigation	24
Section 4.7	Permits	24
Section 4.8	Brokers	24
ARTICLE V. [RESERVED]		24
ARTICLE VI. COVENANTS		24
Section 6.1	Public Announcements	25
Section 6.2	Collection of Accounts Receivable	25
Section 6.3	Confidentiality	25
Section 6.4	Tax Covenants	26
Section 6.5	Restrictive Covenants	28
Section 6.6	No Change of Pre-Closing Underwriter	30
Section 6.7	Employees	30
Section 6.8	Transfer of Title Plants Interest	30
ARTICLE VII. [RESERVED]		31
ARTICLE VIII. [RESERVED]		31
ARTICLE IX. INDEMNIFICATION		31
Section 9.1	Survival	31
Section 9.2	Indemnification by the Restricted Parties	31
Section 9.3	Indemnification by Buyer	32
Section 9.4	Certain Limitations	32
Section 9.5	Calculation of Indemnifiable Losses	33
Section 9.6	Indemnification Claim Procedures	33
Section 9.7	Procedures for Third Party Claims	35
Section 9.8	Right of Set-Off	36
Section 9.9	Exclusive Remedy	36
Section 9.10	Tax Treatment of Indemnification Payments	36
Section 9.11	Additional Indemnification Provisions	36
Section 9.12	No Contribution	36
ARTICLE X. MISCELLANEOUS		37
Section 10.1	Bulk Sales Laws	37
Section 10.2	Fees and Expenses	37
Section 10.3	Notices	37
Section 10.4	Interpretation	38
Section 10.5	Entire Agreement; Third Party Beneficiaries	39
Section 10.6	Governing Law	39
Section 10.7	Assignment	39
Section 10.8	Dispute Resolution	39
Section 10.9	Waiver of Jury Trial	40
Section 10.10	Specific Performance	40
Section 10.11	Severability; Amendment; Modification; Waiver	40
Section 10.12	Certain Limitations	42
Section 10.13	Joint Drafting	42
Section 10.14	Counterparts	42
Section 10.15	Misdirected Payments and Assets	43

EXHIBIT A – Definitions

EXHIBIT B – Form of Escrow Agreement

ANNEX I – Closed Title Files

ANNEX II – Permitted Liens

ANNEX III – Specified Doma Corporate Employees

ANNEX IV – Specified Retention Employees

ANNEX V – Retention Pool

Seller Knowledge Schedule

Buyer Knowledge Schedule

Seller Disclosure Schedule

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this “Agreement”), dated as of May 19, 2023, (the “Closing Date”) is made by and among Williston Financial Group LLC, a Delaware limited liability company (“Buyer”); Doma Title of California, Inc., a California corporation (“Seller”), Doma Corporate LLC, a Delaware limited liability company (“Doma Corporate”). Buyer, Seller, and Doma Corporate are sometimes referred to in this Agreement individually as a “Party” and collectively as the “Parties.” Capitalized terms used in this Agreement but not otherwise defined shall have the meanings set forth in Exhibit A to this Agreement.

WHEREAS, Seller is engaged in the business of selling, servicing, providing, placing and marketing title insurance and real estate settlement services, including escrow and closing services, and other real estate transaction-related products and services for current and prospective homeowners, lenders, builders and other residential and commercial real estate professionals (collectively, “title insurance products and related services”) in the State of California (the “Business”); provided, for the avoidance of doubt, that “Business” does not include instant underwriting algorithms or software or related technologies developed by Doma Holdings, Inc. or its Affiliates (including Seller) (“Instant Underwriting Technologies”) and neither Buyer nor its Affiliates will have use of or access to Instant Underwriting Technologies after the Closing under this Agreement or the Transition Services Agreement (as defined below).

WHEREAS, upon the terms and subject to the conditions set forth in this Agreement, Seller desires to sell and transfer to Buyer, and Buyer desires to purchase from Seller the Purchased Assets (as defined below).

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt of and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I. PURCHASE AND SALE OF ASSETS

Section 1.1 Purchased Assets. On the terms and subject to the conditions contained in this Agreement, at the Closing (as defined below), Seller shall sell, transfer, convey, assign, and deliver to Buyer, and Buyer shall purchase from Seller, free and clear of all Liens, other than Permitted Liens, all right, title, and interest of Seller in and to the following assets and rights of Seller (collectively, the “Purchased Assets”):

(a) Seller’s right to all commission and other revenue generated from each Client Account set forth in Section 1.1(a) of the Seller Disclosure Schedule as updated within twenty-four (24) hours after the Closing (each a “Pending Title File” and collectively, the “Pending Title Files” and the commission and other revenue generated from such Pending Title Files, the “Pending Title Files Revenues”), and subject to the Transition Services Agreement;

(b) the Fixed Assets listed on Section 1.1(b) of the Seller Disclosure Schedule;

(c) all rights of Seller under all Contracts listed on Section 1.1(c) of the Seller Disclosure Schedule (collectively, the “Assigned Contracts”);

(d) all rights of Seller under Leases as listed on Section 1.1(d) of the Seller Disclosure Schedule;

(e) all Books and Records, except as provided in Section 1.2(d);

(f) to the extent included in Closing Working Capital (as finally determined in accordance with Section 1.6), all prepaid expenses (excluding refundable insurance premiums for policies which are non-transferable and any prepaid rental payments) and deposits, deferred charges, advance payments, security deposits and prepaid items primarily relating to the Purchased Assets or the operation of the Business;

(g) the IT Assets set forth in Section 1.1(g) of the Seller Disclosure Schedule;

(h) all Accounts Receivable to the extent included in Closing Working Capital (as finally determined in accordance with Section 1.6);

(i) all of Seller's claims (including warranties, choses in action, causes of action, rights of recovery, rights of set-off, and rights to enforcement of restrictive covenants), whether choate or inchoate, known or unknown, contingent or non-contingent, against Third Parties relating to the Purchased Assets, the Assumed Liabilities, or the Specified Doma Corporate Employees who become employed by Buyer or its Affiliates in connection with the transactions contemplated by this Agreement;

(j) all of the shares, membership interests or other securities owned by Seller in the entities listed in Section 1.1(j) of the Seller Disclosure Schedule (including the Title Plants);

(k) the creative, promotional, marketing or advertising materials (whether in hard copy or computer or other electronic format) of Seller primarily used in the Business;

(l) the educational, training or similar materials of Seller primarily used in the Business for the training or education of customers, employees, or independent contractors;

(m) all customer lists, price lists, and vendor lists and similar items related to the Business to be provided to Buyer pursuant to the Transition Services Agreement;

(n) the documents and forms used by Specified Doma Corporate Employees related to the Business set forth in Section 1.1(n) of the Seller Disclosure Schedule, and subject to the Transition Services Agreement; and

(o) subject to the Transition Services Agreement, copies and data extracts (in form reasonable acceptable to Buyer) of certain information for the Closed Title Files.

Section 1.2 Excluded Assets. Notwithstanding anything in this Agreement to the contrary, Seller shall retain, and Buyer shall not purchase or acquire, any of the assets, properties or rights of Seller not specifically listed or described in Section 1.1 (the "Excluded Assets"), including the following:

(a) all rights of Seller under any other Contracts other than the Assigned Contracts, including those Contracts listed on Section 1.2(a) of the Seller Disclosure Schedule and Contracts related to Software used to store, access, and use the Customer Data;

(b) Trade Names and any derivatives thereof used in the operation of the Business, including, but not limited to the Trade Names listed in Section 1.2(b) of the Seller Disclosure Schedule;

(c) the corporate seal, minute books, stock books, blank share certificates and other records relating to the corporate or other legal organization of Seller;

(d) the original of any Books and Records that Seller is required by Applicable Law to retain, so long as Seller delivers at least one (1) copy thereof to Buyer;

(e) the shares, membership interests or other securities of other entities owned by Seller other than those entities listed in Section 1.1(j) of the Seller Disclosure Schedule;

(f) the Seller Group Benefit Plans, and all assets and contracts relating thereto;

(g) all monies to be received by Seller from Buyer under this Agreement and the Transaction Documents and other rights of Seller under this Agreement and the Transaction Documents, and all rights in any bank account formed for the purpose of receiving such monies;

(h) all Permits, including all qualifications to do business as a foreign corporation or other entity and all arrangements with registered agents relating to foreign qualifications;

(i) all cash, cash equivalents and bank accounts of Seller;

(j) all of Seller's claims, rights or interests in or to any earnings credit relating to Seller's bank accounts;

(k) all of Seller's claims, rights or interests in or to any Tax refunds, rebates or similar payments of Taxes for, or applicable to, any taxable period or portion thereof ending on or prior to the Closing Date of Seller, together with any interest due thereon or penalty rebate arising therefrom, and any Tax prepayments made by Seller;

(l) all Tax Returns, Tax reports, Tax records and all records (including working papers) related thereto of Seller;

(m) all Intellectual Property and Intellectual Proprietary Rights of Seller;

(n) the IT Assets other than those set forth in Section 1.1(g) of the Seller Disclosure Schedule and those described in Section 1.1(m) above, including the back plant detailed on Section 1.1(g) of the Seller Disclosure Schedule;

(o) Pending Title Files (which for the avoidance of doubt do not include the Pending Title Files Revenues which are Purchased Assets pursuant to Section 1.1(a)) and Closed Title Files (which for the avoidance of doubt does not include copies and data extracts of certain information relating thereto which are Purchased Assets pursuant to Section 1.1(o)); and

(p) the assets set forth in Section 1.2(p) of the Seller Disclosure Schedule.

Section 1.3 Assumed Liabilities; Excluded Liabilities.

(a) As part of the consideration for the Purchased Assets, Buyer shall assume the following Liabilities of Seller relating to the Business or the Purchased Assets except to the extent that such Liabilities are Excluded Liabilities (the Liabilities so assumed, collectively, the "Assumed Liabilities"):

(i) such Liabilities to the extent that they (x) first arise or accrue after the Closing and relate to the period after the Closing and (y) do not arise as a result of any action, inaction, error, omission, breach or default by Seller or any of its Affiliates occurring prior to or as of the Closing;

- (ii) Seller's ongoing obligations following the Closing to service existing Client Accounts;
- (iii) any Transfer Taxes that are the responsibility of Buyer under Section 6.4(a) (if any);
- (iv) any trade accounts payable and other Current Liabilities, in each case, to the extent included in Closing Working Capital (as finally determined in accordance with Section 1.6(b)(ii) herein); and
- (v) all executory obligations of Seller to be performed on or after the Closing Date under the Assigned Contracts.

(b) Except as specifically identified by Section 1.3(a), Buyer shall assume no Liability of Seller other than the Assumed Liabilities, including any Indebtedness of Seller or the Business, any Outstanding Transaction Expenses and any Pre-Closing Taxes (each individually an "Excluded Liability" and collectively, the "Excluded Liabilities"). The Excluded Liabilities shall remain the sole responsibility of Seller, and Seller shall pay, perform and discharge, as and when due, each Excluded Liability.

Section 1.4 Purchase Price. The aggregate consideration for the Purchased Assets is an amount (the "Purchase Price") equal to (a) ten million five hundred thousand dollars (\$10,500,000) in cash (the "Cash Purchase Price"), subject to payments in Section 1.5 and to adjustment pursuant to Section 1.6, plus (b) any amount of the Deferred Payment based on the contingent right to receive the Deferred Payment, if any, that may become payable to Seller if earned as provided in Section 1.7.

Section 1.5 Payment of the Cash Purchase Price. At Closing, Buyer shall pay or cause to be paid an aggregate amount equal to (x) the Cash Purchase Price plus (y) the Estimated Working Capital Adjustment (such aggregate amount, the "Preliminary Purchase Price"), as follows:

(a) to the Escrow Agent, the NWC Escrow Amount, by wire transfer of immediately available funds, for deposit into an escrow account established pursuant to the terms of the Escrow Agreement (the "Escrow Account"); and

(b) to Seller, by wire transfer of immediately available funds to an account designated by Seller at least three (3) Business Days prior to the Closing Date, an aggregate amount (the "Closing Payment") equal to:

- (i) the Preliminary Purchase Price;
- (ii) minus the NWC Escrow Amount.

Section 1.6 Working Capital Adjustment.

(a) Estimated Closing Statement.

(i) Prior to the date hereof, Seller prepared and delivered to Buyer a statement (the "Estimated Closing Statement") setting forth in reasonable detail Seller's good faith calculations and estimates of the estimated Working Capital as of the Closing Date (the "Estimated Working Capital").

(b) Closing Statement.

(i) No later than ninety (90) days following the Closing Date, Buyer will prepare and deliver to Seller a statement (the "Closing Statement") setting forth in reasonable detail Buyer's calculation of Working Capital as of the Closing Date (the "Closing Working Capital").

(ii) Seller shall have thirty (30) days after its receipt of the Closing Statement (the "Closing Statement Review Period") to review the Closing Statement and Buyer's calculation of Closing Working Capital set forth therein. During the Closing Statement Review Period, Seller and its Representatives shall have the right to inspect Buyer's books and records and other documents and materials reasonably requested by Seller, during normal business hours at Buyer's offices and upon reasonable prior notice, solely for purposes reasonably related to the determination of the Closing Working Capital. Prior to the expiration of the Closing Statement Review Period, Seller may object to the calculations set forth in the Closing Statement by delivering a written notice of objection (a "Closing Statement Objection Notice") to Buyer. The Closing Statement Objection Notice shall specify the items in the Closing Statement disputed by Seller and shall describe in reasonable detail the basis for each such objection, as well as the amount in dispute (and Seller's proposed calculation thereof in accordance with the definitions of Current Assets, Current Liabilities, and Working Capital herein). If Seller fails to deliver the Closing Statement Objection Notice to Buyer prior to the expiration of the Closing Statement Review Period, then the calculations set forth in the Closing Statement (including the calculation of the Closing Working Capital) shall be final, binding, and conclusive on the Parties for all purposes herein. If Seller delivers a Closing Statement Objection Notice to Buyer prior to the expiration of the Closing Statement Review Period, then Buyer and Seller shall negotiate in good faith to resolve the disputed item(s) set forth therein and agree upon the resulting amount of the Closing Working Capital. If Buyer and Seller are unable to resolve in writing all such disputes within thirty (30) days after receipt by Buyer of the Closing Statement Objection Notice, then at the written election of either Buyer or Seller, Buyer and Seller shall jointly select and retain Grant Thornton LLP (the "Independent Accounting Firm") to review any such unresolved disputed item(s) in the Closing Statement Objection Notice and make a final determination with respect to the calculation of Closing Working Capital therein. The Independent Accounting Firm shall act as an expert (and not as an arbitrator) and Buyer and Seller shall direct the Independent Accounting Firm to only consider those items that are identified in the Closing Statement Objection Notice as in dispute to the extent not otherwise resolved in writing by Buyer and Seller prior to the engagement of the Independent Accounting Firm under this Section 1.6(b)(ii). Buyer and Seller shall instruct the Independent Accounting Firm to make its determination in accordance with the definitions of Current Assets, Current Liabilities, and Working Capital herein, to not assign a value to any item in dispute greater than the greatest value for such item assigned by Buyer in the Closing Statement, on the one hand, or Seller in the Closing Statement Objection Notice, on the other hand, or less than the smallest value for such item assigned by Buyer in the Closing Statement, on one hand, or Seller in the Closing Statement Objection Notice, on the other hand, and to make its determination based solely on the presentations by Seller and Buyer and not by independent review. Buyer and Seller shall instruct the Independent Accounting Firm to issue a reasonably detailed report showing its final determination of such disputed item(s) (together with its basis therefor) within thirty (30) days of the engagement of the Independent Accounting Firm under this

Section 1.6(b)(ii) (or such longer time as is agreed to in writing by Buyer and Seller) and the final determination of such disputed item(s) by the Independent Accounting Firm shall be final, binding, and conclusive on the Parties and not subject to any appeal or challenge, absent fraud or manifest error. Buyer and Seller shall make readily available to the Independent Accounting Firm all relevant books and records and any work papers (including those of Buyer's and Seller's respective Representatives) relating to the Closing Statement and Closing Statement Objection Notice (and the calculations therein) and all other items reasonably requested by the Independent Accounting Firm. Neither Buyer nor Seller shall (and each shall direct its Representatives not to) engage in any *ex-parte* communications with the Independent Accounting Firm. The fees and expenses of the Independent Accounting Firm engaged under this Section 1.6(b)(ii) shall be borne by Seller (on the one hand) and Buyer (on the other hand) in proportion to the aggregate amounts by which Seller's and Buyer's proposals, as applicable, differed from the Independent Accounting Firm's final determination under this Section 1.6(b)(ii). In connection with the resolution of any such dispute, each of Buyer and Seller shall pay its own fees and expenses, including legal, accounting, and consultant fees and expenses. Notwithstanding anything to the contrary in this Agreement, any disputes regarding amounts shown in the Closing Statement shall be resolved as set forth in this Section 1.6(b)(ii).

(c) Within five (5) Business Days after the final determination of the Closing Working Capital in accordance with Section 1.6(b)(ii):

(i) if Closing Working Capital is greater than the Estimated Working Capital, then (A) Buyer shall pay an amount equal to such difference by wire transfer of immediately available funds to an account designated by Seller in advance, and (B) Buyer and Seller shall direct the Escrow Agent in writing to disburse funds in the Escrow Account to Seller by wire transfer of immediately available funds to an account designated by Seller in advance;

(ii) if Closing Working Capital is less than the Estimated Working Capital, then Buyer and Seller shall direct the Escrow Agent in writing to release from the Escrow Account (A) the amount of such difference by wire transfer of immediately available funds to an account designated by Buyer in advance and (B) the remainder of the funds in the Escrow Account (if any) by wire transfer of immediately available funds to an account designated by Seller in advance; provided, that if the funds in the Escrow Account are insufficient to satisfy any such amount due and owing to Buyer (a "NWC Shortfall"), then Seller shall pay to Buyer by wire transfer of immediately available funds to an account designated by Buyer in advance such NWC Shortfall; and

(iii) if the Closing Working Capital is equal to the Estimated Working Capital, then no payment shall be due by either Buyer or Seller under this Section 1.6(c), and Buyer and Seller shall direct the Escrow Agent in writing to disburse the funds in the Escrow Account to Seller by wire transfer of immediately available funds to an account designated by Seller in advance.

(iv) Any payment by Buyer or Seller under this Section 1.6(c) paid by Buyer to Seller hereunder will be treated, in any such case, by the Parties as an adjustment to the Purchase Price for all Tax purposes, except to the extent otherwise required by Applicable Law.

Section 1.7 Deferred Payment.

(a) Deferred Payment Statement. Within thirty (30) days following the date that is the twelve (12)-month anniversary of the Closing Date (such 12-month anniversary of the Closing Date, the “Deferred Payment Measurement Date”), Buyer shall prepare and deliver (or cause to be prepared and delivered) to Seller a statement setting forth in reasonable detail (i) each Specified Retention Employee that was employed with Buyer from such Specified Retention Employee’s Employment Date through and including the Deferred Payment Measurement Date, (ii) the aggregate Specified Retention Weighting for all such Specified Retention Employees, (iii) the aggregate Unused Retention Pool, (iv) based thereon, the aggregate Deferred Payment Pool and (v) based thereon, the Deferred Payment, if any, to which Seller, subject to the terms and conditions of this Agreement, is entitled pursuant to Section 1.7(b) (the “Deferred Payment Statement”).

(b) Review and Determination of Deferred Payment. Seller shall have thirty (30) days after its receipt of the Deferred Payment Statement (the “Deferred Payment Statement Review Period”) to review the Deferred Payment Statement and Buyer’s calculation of the Deferred Payment set forth therein. During the Deferred Payment Statement Review Period, Seller and its Representatives shall have the right to inspect Buyer’s books and records and other documents and materials (other than personnel files and other privileged or confidential information of Buyer) reasonably requested by Seller, during normal business hours at Buyer’s offices and upon reasonable prior notice, solely for purposes reasonably related to the determination of the Deferred Payment. Prior to the expiration of the Deferred Payment Statement Review Period, Seller may object to the calculations set forth in the Deferred Payment Statement by delivering a written notice of objection (a “Deferred Payment Statement Objection Notice”) to Buyer. The Deferred Payment Statement Objection Notice shall specify the items in the Deferred Payment Statement disputed by Seller and shall describe in reasonable detail the basis for each such objection, as well as the amount in dispute (and Seller’s proposed calculation thereof in accordance with the definitions of Specified Retention Employees, Specified Retention Weighting and Deferred Payment herein). If Seller fails to deliver the Deferred Payment Statement Objection Notice to Buyer prior to the expiration of the Deferred Payment Statement Review Period, then the calculations set forth in the Deferred Payment Statement (including the calculation of the Deferred Payment, if any) shall be final, binding, and conclusive on the Parties for all purposes herein. If Seller delivers a Deferred Payment Statement Objection Notice to Buyer prior to the expiration of the Deferred Payment Statement Review Period, then Buyer and Seller shall negotiate in good faith to resolve the disputed item(s) set forth therein and agree upon the resulting amount of the Deferred Payment. If Buyer and Seller are unable to resolve in writing all such disputes within thirty (30) days after receipt by Buyer of the Deferred Payment Statement Objection Notice, then at the written election of either Buyer or Seller, Buyer and Seller shall jointly select and retain the Independent Accounting Firm to review any such unresolved disputed item(s) in the Deferred Payment Statement Objection Notice and make a final determination with respect to the calculation of the Deferred Payment therein on terms and conditions, and in accordance with the dispute resolution procedures (including the procedures relating to the allocation of the fees and expenses of the Independent Accounting Firm) in Section 1.6(b)(ii), *mutatis mutandis*.

(c) Payment of the Deferred Payment. Subject to Buyer’s right of set-off pursuant to Section 9.8, promptly, but in any event no later than ten (10) Business Days, following the final determination of the Deferred Payment in accordance with Section 1.7(b), Buyer shall pay by wire transfer of immediately available funds to an account or accounts designated by Seller in advance, the Deferred Payment (in the amount as finally determined in accordance with Section 1.7(b)).

(d) Certain Acknowledgements. Seller acknowledges that the contingent right of Seller to receive the Deferred Payment, if any, pursuant to this Section 1.7: (i) is speculative in nature and not guaranteed; (ii) is solely a contractual right and is not a security for purposes of any federal or state securities laws (and shall confer upon Seller only the rights of a general, unsecured creditor under Applicable Law); (iii) will not be represented by any form of certificate or instrument; (iv) does not give Seller any dividend rights, voting rights, liquidation rights, preemptive rights or other rights of holders of equity securities; (v) is not assignable or otherwise transferable by Seller except to the equityholders of Seller in accordance with their respective ownership percentages (and any purported assignment or transfer in violation hereof shall be null and *void ab initio*).

ARTICLE II.
CLOSING

Section 2.1 Closing. Subject to the terms and conditions of this Agreement, including the satisfaction or waiver of the conditions to closing set forth in this Article II, the closing of the transactions contemplated in Section 1.1, Section 1.3 and Section 1.5 (the “Closing”) shall take place by electronic exchange of documents and signature pages on the Closing Date; provided, the Closing shall be deemed effective as of 11:59 p.m. California time on the Closing Date.

Section 2.2 Delivery and Conveyance by Seller at Closing. On the Closing Date, Seller shall deliver to Buyer such bills of sale and assignments and other good and sufficient instruments of conveyance, in forms reasonably satisfactory to Buyer, as necessary and appropriate to transfer and assign to, and vest in, Buyer all of Seller’s respective rights, titles, and interest in and to the Purchased Assets free and clear of all Liens, other than Permitted Liens. Without limiting the generality of the foregoing, at or prior to the Closing, Seller shall deliver to Buyer:

(a) a bill of sale and assignment and assumption agreement, in a form and substance reasonably satisfactory to Buyer (the “Bill of Sale and Assignment and Assumption Agreement”), executed by Seller;

(b) the Escrow Agreement, executed by Seller;

(c) a transition services agreement, in a form and substance reasonably satisfactory to the Parties (the “Transition Services Agreement”), executed by Seller;

(d) a properly completed and executed IRS Form W-9 (or, if Seller is a disregarded entity for U.S. federal Tax purposes, the Person that is treated, for U.S. federal Tax purposes, as selling the Purchased Assets sold by Seller shall provide such IRS Form W-9 indicating thereon that Seller is so disregarded);

(e) a certificate of good standing (or comparable certificate) for Seller issued as of a recent date by the Secretary of State of the State of California and the applicable Governmental Entity of each other state in which Seller is qualified to conduct business as a foreign corporation;

(f) the consents, waivers, and approvals required to be obtained by, and the notices required to be given by, Seller with respect to the consummation of the transactions contemplated hereby that are set forth in Section 2.2(f) of the Seller Disclosure Schedule;

(g) a certificate of the secretary of Seller, dated the Closing Date, in form and substance reasonably satisfactory to Buyer, certifying (i) Seller’s Organizational Documents in effect as of the Closing Date, (ii) the resolutions duly adopted by the board of directors or equivalent governing body of Seller authorizing and approving the execution, delivery, and performance of this Agreement and each Transaction Document to which Seller is a party and the consummation of the transactions contemplated hereby and thereby, which resolutions shall have been certified as true, correct, and in full force and effect without rescission, revocation, or amendment as of the Closing Date; and (iii) the incumbency and signatures of the officers of Seller authorized to execute and deliver this Agreement and each Transaction Document to which Seller is a party;

(h) employment agreement, in form and substance reasonably satisfactory to Buyer, executed by [EE1](the “[EE1] Employment Agreement”);

(i) employment agreement, in form and substance reasonably satisfactory to Buyer, executed by [EE2] (the “[EE2] Employment Agreement”, and together with the [EE1] Employment Agreement, the “Employment Agreements”);

(j) original equity security certificates representing the equity securities of each Title Plant owned by Seller (if certificated), free and clear of all Liens (other than transfer restrictions under applicable federal and state securities laws), duly endorsed in blank or accompanied by assignments separate from certificate in form and substance acceptable to the Buyer; and

(k) all other documents, certificates, instruments or writings reasonably requested by Buyer or its counsel in connection with the transactions contemplated by this Agreement.

Section 2.3 Delivery by Buyer at Closing. At or prior to the Closing, Buyer shall deliver to Seller, as applicable:

(a) payment of the Preliminary Purchase Price pursuant to Section 1.5;

(b) the Bill of Sale and Assignment and Assumption Agreement, executed by Buyer;

(c) the Escrow Agreement, executed by Buyer and the Escrow Agent;

(d) the Employment Agreements, executed by Buyer;

(e) the Transition Services Agreement, executed by an Affiliate of Buyer;

(f) a certificate of good standing (or comparable certificate) for Buyer issued as of a recent date by the Secretary of State of the State of Delaware;

(g) a certificate of an officer of Buyer, dated the Closing Date, in form and substance reasonably satisfactory to Seller, certifying (i) the resolutions duly adopted by the governing body of Buyer authorizing and approving the execution, delivery, and performance of this Agreement and each Transaction Document to which Buyer is a party and the consummation of the transactions contemplated hereby and thereby, which resolutions shall have been certified as true, correct, and in full force and effect without rescission, revocation, or amendment as of the Closing Date, and (ii) the incumbency and signatures of the officers of Buyer authorized to execute and deliver this Agreement and each Transaction Document to which Buyer is a party; and

(h) all other documents, certificates, instruments or writings reasonably requested by Seller or its counsel in connection with the transactions contemplated by this Agreement.

Section 2.4 Escrow Expenses. The cost and expenses payable to the Escrow Agent, if any, shall be borne 50% by Buyer and 50% by Seller.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF SELLER

As a condition and material inducement to Buyer's willingness to enter into this Agreement and the Transaction Documents to which it is party and to consummate the transactions contemplated hereby and thereby, Seller and Doma Corporate hereby represent and warrant to Buyer that:

Section 3.1 Organization, Qualification, and Corporate Power.

(a) Seller is a corporation duly incorporated, validly existing, and in good standing under the Laws of the State of California and each other jurisdiction where such qualification is required for the conduct of the Business and has the requisite corporate power, capacity, and authority to own, lease, and operate the Purchased Assets and carry on the Business as currently conducted, except where the failure to be so in good standing in such other jurisdiction would not reasonably be expected to be material to the Business. Section 3.1(a) of the Seller Disclosure Schedule sets forth all such jurisdictions where Seller is required to be qualified for the conduct of the Business.

(b) Each Title Plant is a limited liability company duly organized, validly existing, and in good standing under the Laws of the State of California and each other jurisdiction where such qualification is required for the conduct of the business of such Title Plant and has the requisite limited liability company power, capacity, and authority to own, lease, and operate its assets and properties and carry on its business as currently conducted, except where the failure to be so in good standing in such other jurisdiction would not reasonably be expected to be material to the business of such Title Plant.

(c) Seller has the requisite corporate power and authority to execute and deliver this Agreement and each Transaction Document to which it is or will be a party at or prior to the Closing and to consummate the transactions contemplated hereby or thereby. The execution, delivery, and performance by Seller of this Agreement and each such Transaction Document and the consummation by Seller of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Seller. Seller has duly executed and delivered this Agreement and each Transaction Document to which it is or will be a party at or prior to the Closing will be duly executed and delivered by Seller at or prior to the Closing, and (assuming the due authorization, execution and delivery by Buyer) this Agreement constitutes, and each Transaction Document to which it is or will be a party at or prior to the Closing when so executed and delivered will constitute, its legal, valid and binding obligation, enforceable against it in accordance with its and their terms subject, as to enforcement, to applicable bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or similar laws, now or hereafter in effect, affecting the enforcement of creditors' rights generally and to general equitable principles (whether considered in a proceeding in equity or at law) (the "Enforceability Exceptions").

(d) Doma Corporate is a limited liability company duly formed, validly existing, and in good standing under the Laws of the State of Delaware and each other jurisdiction where such qualification is required for the conduct of the its business and has the requisite limited liability company power, capacity, and authority to own, lease, and operate its assets and carry on its business as currently conducted, except where the failure to be so in good standing in such other jurisdiction would not reasonably be expected to be material to its business. Section 3.1(d) of the Seller Disclosure Schedule sets forth all such jurisdictions where Doma Corporate is qualified.

(e) Doma Corporate has the requisite limited liability company power and authority to execute and deliver this Agreement and each Transaction Document to which it is or will be a party at or prior to the Closing and to consummate the transactions contemplated hereby or thereby. The execution, delivery, and performance by Doma Corporate of this Agreement and each such Transaction Document and the consummation by Doma Corporate of the transactions contemplated hereby have been duly authorized by all necessary limited liability company action on the part of Doma Corporate. Doma Corporate has duly executed and delivered this Agreement and each Transaction Document to which it is or will be a party at or prior to the Closing will be duly executed and delivered by Doma Corporate at or prior to the Closing, and (assuming the due authorization, execution and delivery by Buyer) this Agreement constitutes, and each Transaction Document to which it is or will be a party at or prior to the Closing when so executed and delivered will constitute, its legal, valid and binding obligation, enforceable against it in accordance with its and their terms subject to the Enforceability Exceptions.

Section 3.2 Noncontravention; Consents.

(a) The execution and delivery by Seller of this Agreement and each Transaction Document to which it is or will be a party at or prior to the Closing, and the consummation of the transactions contemplated hereby and thereby by Seller, do not and will not, except as set forth in Section 3.2 of the Seller Disclosure Schedule, (i) conflict with any of the provisions of the Organizational Documents of Seller or of any Title Plant, (ii) conflict with, result in a breach of or default (with or without notice or lapse of time, or both) under or give rise to a right of termination, acceleration, or modification or loss of any benefit under, any Contract, Permit, or other instrument to which Seller is a party, (iii) assuming the accuracy of the representations and warranties made in Section 4.3(a) (other than Section 4.3(a)(iii)), contravene any Applicable Law applicable to Seller, the Purchased Assets (including the Title Plants) or the Assumed Liabilities, (iv) conflict with, result in a breach or violation of, or default under, any Order applicable to Seller, the Business, or any of the Purchased Assets (including the Title Plants), or (v) result in the creation or imposition of any Lien on any of the Purchased Assets (including the Title Plants), except, in the case of clause (ii) above, any such items which would not reasonably be expected to be material to the Business.

(b) No consent, approval, waiver, or authorization of, or declaration or filing with, notice to, or payment to any Governmental Entity is required by or with respect to Seller or any Title Plant in connection with Seller's execution and delivery of this Agreement or any Transaction Document to which it is or will be a party at or prior to the Closing or the consummation by Seller of any of the transactions contemplated hereby or thereby, except for consents, approvals, authorizations, declarations, filings or notices which failure to obtain or make would not reasonably be expected to, individually or in the aggregate, prevent, delay in any material respect or impede in any material respect the performance by Seller of its obligations under, and to consummate the transactions contemplated by, this Agreement.

(c) The execution and delivery by Doma Corporate of this Agreement and each Transaction Document to which it is or will be a party at or prior to the Closing, and the consummation of the transactions contemplated hereby and thereby by Doma Corporate, do not and will not, (i) conflict with any of the provisions of the Organizational Documents of Doma Corporate, (ii) conflict with, result in a breach of or default (with or without notice or lapse of time, or both) under or give rise to a right of termination, acceleration, or modification or loss of any benefit under, any Contract, Permit, or other instrument to which Doma Corporate is a party, (iii) assuming the accuracy of the representations and warranties made in Section 4.3(a) (other than Section 4.3(a)(iii)(A)), contravene any Applicable Law applicable to Doma Corporate, (iv) conflict with, result in a breach or violation of, or default under, any Order applicable to Doma Corporate, or (v) result in the creation or imposition of any Lien on any of the Purchased Assets (including the Title Plants), except, in the case of clause (ii) above, any such items which would not reasonably be expected to be material to the Business.

(d) No consent, approval, waiver, or authorization of, or declaration or filing with, notice to, or payment to any Governmental Entity is required by or with respect to Doma Corporate in connection with Doma Corporate's execution and delivery of this Agreement or any Transaction Document to which it is or will be a party at or prior to the Closing or the consummation by Doma Corporate of any of the transactions contemplated hereby or thereby, except for consents, approvals, authorizations, declarations, filings or notices which failure to obtain or make would not reasonably be expected to, individually or in the aggregate, prevent, delay in any material respect or impede in any material respect the performance by Doma Corporate of its obligations under, and to consummate the transactions contemplated by, this Agreement.

Section 3.3 Subsidiaries. Section 3.3 of the Seller Disclosure Schedule sets forth the name and jurisdiction of each Subsidiary of Seller and each Title Plant, which are all of the Subsidiaries of Seller, and Seller does not, directly or indirectly, beneficially or of record own, and is not party to or bound by any Contract to acquire, any equity interest in any Person other than as disclosed in Section 3.3 of the Seller Disclosure Schedule. There are no authorized, outstanding or promised appreciation rights, phantom equity or similar rights with respect to any of Seller's Subsidiaries or any of the securities of any of Seller's Subsidiaries. All of the issued and outstanding equity interests of each Title Plant owned by Seller and disclosed in Section 3.3 of the Seller Disclosure Schedule (a) have been duly authorized, (b) are validly issued, fully paid, and non-assessable, (c) were issued in compliance with or pursuant to an exemption from all applicable federal and state securities Laws, and (d) were not issued in violation of any preemptive, subscription, or other similar rights. Seller is not a party to or otherwise bound by any voting trust, proxy, or other agreement with respect to the voting of any securities of any Title Plant.

Section 3.4 Title to Purchased Assets; Ownership of Pending Title Files Revenues. Except as set forth in Section 3.4 of the Seller Disclosure Schedule, Seller has good and marketable title to the Purchased Assets, free and clear of all Liens, other than Permitted Liens. Seller has the sole right to the Pending Title Files Revenues included in the Purchased Assets and all Books and Records related to the Pending Title Files relating thereto. Each Title Plant has good and marketable title to the assets owned or purported to be owned by such Title Plant.

Section 3.5 Clients and Carriers.

(a) To the extent relating to the Business, Seller has not, in the last two (2) years, received written, or to the Knowledge of Seller, verbal notice that (i) any single Client that has, at any time, generated more than \$75,000 in annual revenue of Seller, has cancelled, terminated, not renewed, intends to cancel, terminate or not renew any title insurance products or related services that is or was provided to such Client by Seller or (ii) any Carrier intends to decrease commissions payable under any Carrier Contract with Seller or otherwise adversely modify its business relationship with Seller in any material respect.

(b) Seller has disclosed to each Client, to the extent required by Applicable Law, the nature and extent of the compensation received by Seller, directly or indirectly, from insurance companies or insurance intermediaries in respect of any business transacted by Seller on behalf of such Client.

(c) Section 3.5(c) of the Seller Disclosure Schedule lists the top ten (10) Carriers of the Business for the twelve (12)-month period ended December 31, 2022, by dollar amount of commissions and other compensation paid to Seller by such Carriers.

Section 3.6 Anti-Bribery and Anti-Money Laundering Compliance. During the past two (2) years, neither Seller nor any agent acting at the direction of Seller has provided, offered, gifted, or promised, directly or knowingly through another Person, anything of value to any Government Official, for the purpose of (a) influencing any act or decision of such Government Official in their official capacity, inducing such Government Official to do or omit to do any act in violation of their lawful duty, or securing any improper advantage for the Business or (b) inducing such Government Official to use his or her influence to affect or influence any act or decision of any Governmental Entity, in each of (a) and (b) in order to assist Seller in obtaining or retaining business. Seller has complied in all material respects with the U.S. Bank Secrecy Act and USA PATRIOT Act of 2001, and other applicable anti-money laundering Applicable Laws, as each is amended from time to time. Seller utilizes controls procedures and an internal accounting controls system sufficient to provide reasonable assurances that violations of applicable anti-bribery or anti-money laundering Laws will be prevented and detected.

Section 3.7 Acquisitions and Dispositions. Neither Seller nor any Title Plant has sold or acquired any Client Accounts or other material assets of any Person or participated in any merger, stock or asset purchase (a) during the two (2) year period immediately preceding the Closing Date, or (b) whereby any purchase price or other consideration related thereto remains unpaid or any material obligation of Seller remains outstanding.

Section 3.8 Financial Statements.

(a) True, correct, and complete copies of the unaudited consolidated balance sheet of Seller as of December 31, 2020, December 31, 2021 and December 31, 2022 (collectively, the "Balance Sheet") and the related statements of operations and comprehensive income and cash flows (or the equivalent) for the respective twelve-month periods then ended (together with the Balance Sheet, the "Financial Statements") are set forth in Section 3.8 of the Seller Disclosure Schedule. The Financial Statements have been prepared in all material respects in accordance with GAAP (as at the time such statements were prepared) and on that basis fairly present, in all material respects, the consolidated financial position and results of operations and cash flows of the Business as of the respective dates thereof and for the respective periods indicated, subject to normal year-end adjustments and the absence of footnotes and which would not be material (individually or in the aggregate). The accounting practices of Seller have been consistently applied for all periods represented by the Financial Statements, except as may be expressly indicated in the notes thereto. Seller's books and records are complete and correct in all material respects and accurately reflect all of the assets, Liabilities, transactions, and results of operations of the Business in all material respects, and the Financial Statements have been prepared and presented based upon and in conformity therewith.

(b) Seller maintains proper and adequate internal accounting controls which provide assurance that (i) transactions are executed with management's authorization, (ii) transactions are recorded as necessary to permit preparation of the financial statements of Seller and to maintain accountability for Seller's assets, (iii) access to assets of Seller is permitted only in accordance with management's authorization, (iv) the reporting of assets of Seller is compared with existing assets at regular intervals, and (v) accounts, notes and other receivables and inventory were recorded accurately, and proper and adequate procedures are implemented to effect the collection thereof on a current and timely basis. Seller has not received any written, or to the Knowledge of Seller, oral notice of any fraud that involves any employee of Seller or that calls into question the effectiveness of the design and operation of Seller's internal controls over accounting or financial reporting.

Section 3.9 Absence of Undisclosed Liabilities. Seller has no liabilities, obligations or commitments that are required to be reflected on the face of a consolidated balance sheet (or the notes thereto) prepared in accordance with GAAP, except (a) those liabilities provided for, reflected, reserved against, or disclosed (in each case either specifically or generally) in the Balance Sheet for the year ended December 31, 2022 (or the notes thereto), (b) liabilities disclosed in Section 3.9 of the Seller Disclosure Schedule, and (c) liabilities incurred in the Ordinary Course of Business since December 31, 2022, none of which relates to any breach of contract, breach of warranty, tort, infringement, or violation of Law or arose out of any Action, (d) liabilities incurred in connection with the transactions contemplated by this Agreement and any Transaction Documents to which Seller is a party.

Section 3.10 Indebtedness. Except as set forth in Section 3.10 of the Seller Disclosure Schedule, to the extent relating to the Business, (a) Seller, the Business and the Title Plants have no Indebtedness and (b) neither Seller nor any Title Plant guarantees any Indebtedness of any other Person. Seller is not in default of any of its obligations under any of its Indebtedness set forth in Section 3.10 of the Seller Disclosure Schedule.

Section 3.11 Absence of Certain Developments. Other than in connection with this Agreement or the transactions contemplated hereby, from December 31, 2022 to the date of this Agreement, Seller has conducted the Business in the Ordinary Course of Business in all material respects, and there has not occurred:

- (a) any event having a Material Adverse Effect;
- (b) any change in accounting methods, principles or practices adversely affecting the Purchased Assets or Assumed Liabilities, except insofar as may have been required by Applicable Law;
- (c) any cancelation, compromise, waiver, or release of any material right or claim affecting the Purchased Assets or Assumed Liabilities;
- (d) any sale, assignment, license, or transfer of any Seller's assets used primarily in the Business, except in the Ordinary Course of Business, or any mortgage, pledge, or other Lien (other than any Permitted Lien) on any Purchased Assets;
- (e) the Business or any of the Purchased Assets suffering any extraordinary loss, damage, destruction, or casualty loss or waiver of any rights of material value, whether or not covered by insurance and whether or not in the Ordinary Course of Business
- (f) any material increase in the compensation payable or benefits provided to, or any other material change in the employment terms for, any of the Specified Doma Corporate Employees, except as required by Applicable Law or the terms of any Seller Group Benefit Plan in existence on December 30, 2022 and provided to Buyer;
- (g) any engagement of, or change in the terms of any agreement with, any consultant or individual independent contractor of Seller or an Affiliate of Seller who spends a majority of its, his or her business time in respect of Seller or the Business and is entitled to fees payable by Seller in excess of \$25,000 per month;
- (h) any termination of, provision of a notice of termination to, or receipt of a notice of termination from, any Specified Doma Corporate Employee, or any consultant or individual independent contractor of Seller or of an Affiliate of Seller who spends a majority of its, his or her business time in respect of Seller or the Business and is entitled to fees payable by Seller in excess of \$25,000 per month;
- (i) any incurrence, assumption, or guarantee of any Indebtedness;
- (j) any rescission, revocation, or change in any election with respect to Taxes;

(k) any change in any Tax accounting period, adoption or change of any accounting method with respect to Taxes, filing of any amended Tax Return, entering into any agreement with respect to material Taxes with any Governmental Entity (including a “closing agreement” under Section 7121 of the Code), surrendering any right to claim a refund for Taxes, any consent to an extension or waiver of the statute of limitations applicable to any Tax claim or assessment, or taken any other similar action relating to Taxes or Tax Returns;

(l) any incurrence of any capital expenditure (individually or in the aggregate) in excess of \$100,000; or

(m) Seller entering into any Contract or agreement (written or oral) to do any of the foregoing.

Section 3.12 Bank Statements. Seller has made available to Buyer in the Data Room a copy of Seller’s monthly bank statements (the “Bank Statements”) for the period from January 1, 2022 to February 28, 2023. The Bank Statements represent all of the bank accounts in which Carriers deposit commission payments and revenue receipts relating to the Pending Title Files are paid or have been deposited. The Bank Statements present the activities within these bank accounts related to commissions and revenues, on a cash basis, paid by Carriers and received by Seller with respect to the Pending Title Files for such twelve (12)-month period.

Section 3.13 Intellectual Property Rights; Data Privacy and Cybersecurity.

(a) To the Knowledge of Seller, Seller owns or possesses sufficient rights to use all material patents, patent rights, inventions, trade secrets, data sources, copyrights, know-how, proprietary rights and processes (collectively, “Intellectual Property”) that are exclusively used in the conduct of the Business (the “Intellectual Proprietary Rights”). To the Knowledge of Seller, there are no third parties who have or will be able to establish rights to any of the Intellectual Proprietary Rights, except for (a) the ownership rights of the third party licensors to the Intellectual Proprietary Rights which are licensed to Seller by such third party licensors and (b) the third party licensees of the Intellectual Proprietary Rights. To the Knowledge of Seller, there is: (i) no infringement by any third parties of any of the Intellectual Proprietary Rights and Seller has not received any written notice of any infringement of or conflict with asserted rights of others with respect to any material patent, patent right, invention, trade secret, data source, copyright, know-how or other proprietary right; (ii) no pending or, to the Knowledge of Seller, threatened Action challenging Seller’s rights in or to any such Intellectual Property; (iii) no pending or, to the Knowledge of Seller, threatened Action challenging the validity or scope of any such Intellectual Property; and (iv) no pending or, to the Knowledge of Seller, threatened Action that Seller has materially infringed or otherwise materially violated any patent, trademark, copyright, trade secret or other proprietary rights of others. All of the material licenses and sublicenses and consent decrees, royalty or other agreements concerning Intellectual Property which are necessary for the conduct of the Business as currently conducted to which Seller is a party or by which any of its assets are bound (other than generally commercially available, non-custom, off the shelf software application programs) are valid and binding obligations of Seller and, to the Knowledge of Seller, the other parties thereto, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by the Enforceability Exceptions.

(b) In connection with the collection, storage, use, security, disclosure or disposal of any Personal Information by or on behalf of Seller, to the Knowledge of Seller, Seller has been in material compliance with: (i) all applicable Privacy and Security Laws, (ii) Seller’s external and customer-facing privacy disclosures, (iii) internal privacy and security policies and procedures, and (iv) contractual obligations, including in customer agreements ((i)-(iv) collectively, “Privacy and Security Requirements”).

(c) To the Knowledge of Seller, except as set forth in Section 3.13(c) of the Seller Disclosure Schedule, since January 1, 2020, (i) Seller has not experienced any material (A) Personal Information Breaches or (B) breaches of policies relating to Personal Information collected, processed, owned, stored, used, maintained, or controlled by or on behalf of Seller, (ii) Seller has not materially failed to comply with Privacy and Security Requirements, in each case relating to Personal Information collected, processed, owned, stored, used, or maintained or controlled by or on behalf of Seller, and (iii) Seller has not experienced any material losses, thefts or unauthorized accesses to or disclosures of confidential information or proprietary information. To the Knowledge of Seller, no circumstance has arisen in which Privacy and Security Requirements would require Seller to notify a Person or Governmental Entity of a Personal Information Breach or failure to comply with Privacy and Security Requirements, and Seller has not received any written complaints or notices of the same. To the Knowledge of Seller, Seller has not been and is not currently: (a) under audit or investigation by any Governmental Entity in relation to Seller's Personal Information handling practices, or (b) subject to any Action in relation to Seller's Personal Information handling practices. This Agreement will not result in any material violation of any applicable Privacy and Security Requirements.

(d) To the Knowledge of Seller, the IT Assets operate and perform in a manner that permits Seller to conduct the Business as currently conducted in all material respects and meet in all material respects the data processing needs of the Business as presently conducted. Seller has arranged for back-up data processing services necessary to meet data processing needs of Seller and has implemented reasonable data backups, disaster recovery and business-continuity practices for the Business, IT Assets and data contained therein that are consistent with industry best practices and comply in all material respects with Applicable Law. To the Knowledge of Seller, the IT Assets do not presently have any material issues or vulnerabilities.

(e) To the Knowledge of Seller, Seller has not: (i) suffered any (A) failures or delays or breakdowns in the IT Assets within the past twenty-four (24) months which have caused any material disruption or interruption in the Business, or (B) any material unauthorized intrusion or breach of the security of the IT Assets or any material defect, bug, breakdown, malfunction, or other failure of the IT Assets; or (ii) received any notices, written claims, or written complaints from any Person regarding the same.

(f) Seller maintains and has maintained commercially reasonable physical, technical and administrative security measures, policies, and practices, consistent with current industry standards, to protect the confidentiality, integrity, availability, and security of the IT Assets (and all information (including Personal Information, confidential or proprietary information) stored, maintained, or transmitted thereby) from and against any unlawful, accidental, or unauthorized use, access, interruption, destruction, disposal, loss, misuse, disclosure, modification or corruption, including the implementation and periodic testing of (i) data backup, (ii) disaster avoidance and recovery procedures, (iii) business continuity procedures, and (iv) encryption and other security protocol technology and has timely corrected any identified material issues, and patched or otherwise remediated any identified vulnerabilities. To the Knowledge of Seller, there has been no material unauthorized access, use, interruption, modification or corruption of any IT Assets. Seller contractually requires all vendors and other Persons providing services to Seller who have access to, or receive, Personal Information from or on behalf of Seller to comply with all Privacy and Security Requirements, as applicable. To the Knowledge of Seller, Seller has not received any written complaint, claim, demand, inquiry or other such notice, from any Person or Governmental Entity regarding any alleged violation of Privacy and Security Requirements or contractual obligations with respect to Personal Information, other confidential or proprietary information of the Business or the IT Assets.

Section 3.14 Compliance with Laws; Permits.

(a) Except as set forth in Section 3.14(a) of the Seller Disclosure Schedule, since January 1, 2018, each of Seller and the Title Plants is and has been in compliance in all material respects with all Applicable Laws (including Insurance Laws relating to the sale, marketing, issuance, cession, administration and underwriting of title insurance) applicable to Seller with respect to the Business, the Purchased Assets and the Title Plants, and with all Orders to which Seller is subject with respect to the Business or to which any Title Plant is subject. Except as set forth in Section 3.14(a) of the Seller Disclosure Schedule, since January 1, 2018, each Title Plant is and has been in compliance in all material respects with all Applicable Laws applicable to such Title Plants, and with all Orders to which such Title Plant is subject. Except as set forth in Section 3.14(a) of the Seller Disclosure Schedule, since January 1, 2020, Seller has not received any written or, to the Knowledge of Seller, verbal notice from any Governmental Entity or any other Person alleging that Seller or any Title Plant is not in compliance in all material respects with any Applicable Law or Order with respect to the Business, any Purchased Asset or the business of any Title Plant, as applicable.

(b) Seller holds all permits, licenses, approvals, authorizations, consents, and registrations issued by, or registrations with, any Governmental Entity that are necessary or required to conduct the Business as currently conducted, or to own or operate the Purchased Assets, as applicable (collectively, "Permits"). All material Permits of Seller are set forth in Section 3.14(b) of the Seller Disclosure Schedule. Seller is in compliance in all material respects with the terms and requirements of the Permits, and each such Permit is valid and in full force and effect, and all fees and charges with respect to each such Permit as of the date hereof has been paid in full. Since January 1, 2020, Seller has not received any written or, to the Knowledge of Seller, verbal notice from any Governmental Entity of any Action relating to any actual or proposed revocation, suspension, or termination of, or material modification to, any such Permit, in each case other than any such item that has been cured or otherwise resolved to the satisfaction of such Governmental Entity, that is no longer being pursued by such Governmental Entity following a response by Seller, or that would not reasonably be expected to be material to the Business. Each Title Plant holds all material Permits necessary or required to conduct its business as currently conducted.

Section 3.15 Employees and Employee Benefit Plans.

(a) Seller does not directly employ and has not in the past three (3) years, directly employed any employee. Section 3.15(a) of the Seller Disclosure Schedule lists, with respect to each Specified Doma Corporate Employee, work location, job title, and work e-mail. Except as set forth in Section 3.15(a)(ii) of the Seller Disclosure Schedule, for the prior three (3) years, with respect to the Specified Doma Corporate Employees, Doma Corporate has complied in all material respects with all labor and employment Laws with respect to the Specified Doma Corporate Employees, including Laws relating to fair employment practices, pay equity, discrimination and harassment, retaliation and whistleblowing, accommodation (disability, religious beliefs and practices, pregnancy and childbirth and conditions related to pregnancy and childbirth), wage payment, wage and hour, meal and rest breaks, the minimum wage, overtime, paid time off, paid and unpaid leaves, sick leave, background checks, health and safety, worker's compensation, labor law (the National Labor Relations Act), employee privacy, employee biometric information, immigration and work authorization, layoffs and plant closings, and payroll tax withholding and remittance. All Specified Doma Corporate Employees are employed by Doma Corporate on an at-will basis. Section 3.15(a) of the Seller Disclosure Schedule list each Specified Doma Corporate Employee with a restrictive covenants agreement, and Seller has provided Buyer with copies of the restrictive covenants agreement for each individual listed in Section 3.15(a) of the Seller Disclosure Schedule. No Specified Doma Corporate Employees are represented by a union or similar organization.

(b) Seller does not sponsor, maintain or participate in, and has never sponsored, maintained or participated in, any Employee Benefit Plan.

(c) None of the Seller or any of its ERISA Affiliates sponsors, maintains, contributes to, or is required to contribute to, or in the past two (2) years has sponsored, maintained, contributed to or been required to contribute to, or has any Liability or obligation with respect to: (i) any Employee Benefit Plan subject to Title IV of ERISA, Section 412 of the Code or Section 302 of ERISA, (ii) any “multiemployer plan” as defined in Section 4001(a)(3) of ERISA or Section 3(37) of ERISA, (iii) any “multiple employer plan” within the meaning of Section 413(c) of the Code, (iv) any “multiple employer welfare arrangement” within the meaning of Section 3(40) of ERISA, (v) any “voluntary employees beneficiary association” within the meaning of Section 501(c)(9) of the Code or (vi) any “welfare benefit fund” within the meaning of Section 419 of the Code.

(d) Other than as required under Section 601 et seq. of ERISA, Section 4980B of the Code or other Applicable Law, none of the Seller, any of its Affiliates or any ERISA Affiliate has any liability or obligation to provide any Specified Doma Corporate Employee or other Person who spends (or spent) a majority of his or her business time while employed or engaged by Seller or any of its Affiliates or ERISA Affiliates (or any dependent or beneficiary thereof) on the business of Seller with post-employment, post-service or retiree health, life insurance or other retiree welfare benefits.

(e) Except as set forth in Section 3.15(e) of the Seller Disclosure Schedule, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement will (either alone or in combination with any other event): (i) result in, or cause the accelerated vesting, payment, funding or delivery of, or increase the amount or value of, any payment or benefit by Seller or any of its Affiliates to any Specified Doma Corporate Employee; (ii) result in any severance, termination, change in control, retention, bonus or similar types of payments or benefits by Seller or any of its Affiliates to any Specified Doma Corporate Employee; (iii) result in any “parachute payment” (as such term is defined in Section 280G of the Code (determined without regard to any reduction for “reasonable compensation” (within the meaning of Code Section 280G and the Treasury Regulations thereunder))) made by Seller or any of its Affiliates; or (iv) result in a requirement to pay any tax “gross-up” or similar “make-whole” payment to any Person by Seller or any of its Affiliates.

Section 3.16 Tax Matters.

(a) Seller has timely filed with the appropriate Taxing Authority all Tax Returns that are required to be filed by Seller with respect to the Purchased Assets or the Business. All such Tax Returns are true, correct and complete in all material respects and prepared in accordance with Applicable Law. All Taxes due and owing by Seller with respect to the Purchased Assets or the Business (whether or not shown or required to be shown on any Tax Returns) have been timely paid in full. Seller has not waived the statute of limitations with respect to Taxes relating to the Purchased Assets or the Business or consented to extend the time, and has never been the beneficiary of any extension of time, within which to file any Tax Return for any such Taxes or pay any such Taxes or with respect to any Tax assessment or deficiency thereof. No Taxing Authority has proposed formally in writing to make or has made any adjustment with respect to any such Tax Returns. Seller has never commenced any voluntary disclosure proceeding with respect to the Purchased Assets or the Business. There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the Purchased Assets.

(b) No deficiency or proposed adjustment for any amount of Tax has been outstanding, proposed, asserted or assessed or, to the Knowledge of Seller, threatened by any Taxing Authority against Seller with respect to the Purchased Assets or the Business that has not been paid, settled or otherwise resolved. There is no Action now in progress, pending, proposed or, to the Knowledge of Seller, threatened against Seller or concerning Seller for any Taxes with respect to the Purchased Assets or the Business. Seller has never been notified by any Taxing Authority that any issues have been raised with respect to any Tax Return with respect to the Purchased Assets or the Business. Seller is not a party to, bound by, or the subject of any closing agreement or offer in compromise with any Taxing Authority with respect to the Purchased Assets or the Business. Seller has delivered to Buyer copies of all Tax examination reports and statements of deficiencies relating to Taxes of or with respect to the Purchased Assets or the Business.

(c) All material Taxes that are required to be withheld or collected by Seller, including, but not limited to, material Taxes arising as a result of payments (or amounts allocable) to foreign persons or to employees, agents, contractors, non-residents, equityholders, creditors, stockholders or any other Person, have been duly withheld and collected and, to the extent required, have been properly paid or deposited with the appropriate Taxing Authority as required by Applicable Laws and Seller has complied with all associated reporting and recordkeeping requirements in all respects.

(d) No claim has ever been made by any Taxing Authority in a jurisdiction where Seller does not file Tax Returns or pays Taxes with respect to the Purchased Assets or the Business for a particular type of Tax that Seller is or may be subject to taxation or a Tax Return filing obligation with respect to such jurisdiction.

(e) With respect to the Purchased Assets or the Business, Seller has properly accounted for and remitted all sales and use Taxes and has timely remitted such amounts to the appropriate Taxing Authority, or has furnished or collected, and maintained adequate records and documentation of all properly completed exemption certificates required to qualify for any claimed exemption from the collection of sale and use Taxes in the manner required by all Applicable Laws.

(f) Seller is not subject to Tax in any foreign jurisdiction outside of the United States, nor does Seller have a permanent establishment (within the meaning of an applicable Tax treaty or convention between the United States and such foreign country), in any foreign jurisdiction. Seller is not engaged in, nor has it ever engaged in, a trade or business through a “permanent establishment” or through an office or a fixed place of business in any country other than the United States.

Section 3.17 Real Estate.

(a) Seller does not currently own and has never owned any real property relating to the Business.

(b) Section 3.17(b) of the Seller Disclosure Schedule sets forth the address of each parcel of real estate leased, utilized, or possessed by Seller to be transferred to Buyer pursuant to Section 1.1(d) (collectively, the “Real Property”) (including the date and name of the landlord and tenant with respect to the Real Property). Seller has not subleased, licensed, or otherwise granted any Person the right to use or occupy the Real Property or any portion thereof, and Seller has exclusive use of the Real Property. Seller’s possession and quiet enjoyment of the Real Property has not been disturbed. There are currently no material defaults by Seller or, to the Knowledge of Seller, any landlord and there have been no material disputes between Seller and any landlord with respect to the Real Property in the last three (3) years. Seller is not a party to any Contract to purchase any real property. Other than with respect to the Real Property, no real property is being used by Seller in connection with the ownership or operation of the Business. No brokerage or leasing commissions or other compensation is or will be due or payable to any Person pursuant to any Contract entered into by Seller with respect to or on account of any of Seller’s occupation of the Real Property.

(c) To the Knowledge of Seller, (i) there are no material structural, physical, or mechanical defects or other material adverse physical conditions affecting any of the Real Property; (ii) all building systems and all improvements to, or which constitute a portion of, the Real Property are structurally sound and in good operating condition and repair (subject to normal wear and tear); (iii) neither the whole nor any part of any of the Real Property is subject to any pending or threatened Action for condemnation or other taking by any Governmental Entity; (iv) the current uses of and existing structures located on the Real Property are in compliance in all material respects with all applicable zoning and other land use or occupancy requirements, and all covenants, conditions, and agreements affecting the Real Property; (v) Seller, to the extent required by any Applicable Law, is in possession of all material certificates of occupancy with respect to the Real Property issued by applicable Governmental Entities; (vi) Seller has all necessary access to and from the Real Property as is reasonably adequate for the current operation thereof; (vii) no construction, alteration, or other leasehold improvement work with respect to the Real Property remains to be paid for or performed by any party except for any such work as part of maintenance, repair and replacement, including without limitation with respect to casualty damage; (viii) there is no occurrence, condition, change in Law, or issue with any of the Real Property in existence, or anticipated by Seller (or any Affiliate of Seller) that would in any way cause any such Real Property (including Buyer's intended use thereof) to be in material violation of any Law and/or thwart, prohibit, or otherwise materially interfere with Buyer's intended use thereof; and (ix) all mechanical and other systems located on any of the Real Property are in an operating condition good for the use to which the same are put by Seller in the current operation of the Business, ordinary wear and tear excepted, and no condition exists requiring material repairs, alterations or corrections, and no maintenance or repairs to the improvements or the mechanical or other systems located therein have been unreasonably deferred.

Section 3.18 Material Contracts.

(a) Section 3.18(a) of the Seller Disclosure Schedule sets forth a complete and correct list of the Material Contracts.

(b) Each Material Contract is a legal, valid and binding obligation of Seller or any of its Affiliates that is a party thereto, and, to the Knowledge of Seller, of each other party thereto, and is enforceable in accordance with its terms, subject to the Enforceability Exceptions, and is in full force and effect. There exists no material breach or event of default, and no event has occurred (or failed to occur) that, with the passing of time or the giving of notice or both would constitute a material default with respect to any Material Contract on the part of Seller or any of its Affiliates that is a party thereto or, to the Knowledge of Seller, any other party thereto. None of Seller or any of its Affiliates that is a party to a Material Contract has received any written or to the Knowledge of Seller, verbal notice of cancellation, termination or adverse modification (in any material respect) of any Material Contract. Seller and each of its Affiliates that is party to each Material Contract have performed all obligations required to be performed by such Person to date under the Material Contracts.

(c) True, correct, and complete copies of each Material Contract, and all amendments, waivers, and other changes thereto, have been made available to Buyer in the Data Room.

Section 3.19 Litigation. Except as set forth in Section 3.19 of the Seller Disclosure Schedule, there is no Action pending, or to the Knowledge of Seller, threatened against Seller, the Business or the Purchased Assets (including the Title Plants), and there is no Order outstanding, or to the Knowledge of Seller, threatened against Seller, the Business or the Purchased Assets (including the Title Plants). No voluntary or involuntary petition in bankruptcy, receivership, insolvency or reorganization with respect to Seller, or petition to appoint a receiver or trustee of Seller's property, has been filed by or against Seller. Seller has not made any assignment for the benefit of creditors or admitted that it is insolvent or that its property at fair valuation would not be sufficient to pay its debts. Seller is not nor will it become "insolvent," as defined in the Uniform Fraudulent Transfer Act ("UFTA"), as a result of consummating the transactions contemplated by this Agreement or any Transaction Document to which Seller is a party, nor shall any of the transactions contemplated or thereby constitute a transfer which is fraudulent as to Seller's present or future creditors under the UFTA.

Section 3.20 Related Party Agreements.

(a) Except as set forth in Section 3.20(a)(i) of the Seller Disclosure Schedule (any Contracts listed therein, the “Related Party Agreement”), Seller has not entered into or is a party to or bound by any Contracts or business relationships with any Related Party. Except as set forth in Section 3.20(a)(ii) of the Seller Disclosure Schedule, no property, asset, right, or interest used in the operation of the Business is owned or leased, directly or indirectly, by or to any Related Party.

(b) Section 3.20(b) of the Seller Disclosure Schedule contains a complete list of all intercompany balances as of the April 30, 2023 between any Related Party, on the one hand, and Seller, on the other hand.

(c) No Related Party has made, on behalf of Seller, any payment or commitment to pay any commission, fee, or other amount to or purchase or obtain or otherwise contract to purchase or obtain any goods or service from, any Person of which any officer or director of Seller or relative of any of the foregoing is a partner or equityholder.

Section 3.21 Accounts Receivables. All of the Accounts Receivable represent amounts receivable that have arisen in the Ordinary Course of Business in arm’s length transactions. As of the date of this Agreement, the Accounts Receivable constitute valid and binding obligations of the account debtors which are not being contested and are not subject to setoff or offset by the account debtors by reason of any action of Seller. No Person has any Lien on the Accounts Receivable or any part thereof, and no agreement for deduction, free title insurance and related services, discount or other deferred price adjustment has been made with respect to the Accounts Receivable. There is no contest, claim, or defense with any account debtor of Seller pending relating to the amount or validity of any such Accounts Receivable (other than in the Ordinary Course of Business).

Section 3.22 Insurance Coverage. Section 3.22 of the Seller Disclosure Schedule sets forth all material insurance policies and arrangements held, as of the date hereof, by or for the benefit of Seller relating to the operation of the Business or Purchased Assets (the “Insurance Policies”) maintained by Seller or any of its Affiliates. Except as would not be material to the Business, all Insurance Policies are in full force and effect, are legal, valid and binding, and provide insurance in such amounts and against such risks appropriate and customary for the type of business conducted by Seller or as is required by Applicable Law or any Contract to which Seller is a party. All premiums due and payable thereon have been paid and Seller is not in material breach of or default under any of the Insurance Policies, and Seller has not taken any action or failed to take any action which, with notice or the lapse of time or both, would constitute such a breach or default or permit the cancellation, termination or adverse modification in any material respect of any of the Insurance Policies. During the past two (2) years, Seller has not received any written or, to the Knowledge of Seller, verbal notice of termination or cancellation or denial of coverage with respect to any of the Insurance Policies. Seller has made available in the Data Room true, correct, and complete copies of all Insurance Policies as of the date hereof. There are no claims by Seller pending under any Insurance Policies and during the two (2)-year period prior to the date of this Agreement, no claim by Seller under any such Insurance Policy has been denied coverage or resulted in the issuance of a reservation of rights letter by the insurer under such Insurance Policy.

Section 3.23 Sufficiency and Condition of Assets. Except as set forth in Section 3.23 of the Seller Disclosure Schedule, the Purchased Assets, together with the services provided under the Transition Services Agreement, are all of the properties, assets and rights necessary to conduct the Business by Buyer in substantially the same manner following the Closing as currently conducted by Seller assuming that Buyer has all necessary Permits to own and operate the Purchased Assets after the Closing. Seller has in place all Contracts and carrier appointments necessary to maintain and service the Pending Title Files. All items of tangible personal property owned or leased by Seller that are included in the Purchased Assets are in good operating condition for the uses to which they are being put, with ordinary wear and tear excepted.

Section 3.24 Brokers. Except for Houlihan Lokey, no broker, investment banker, financial adviser, finder, or other Person is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Transaction Document based upon arrangements made by or on behalf of Seller or Doma Corporate.

Section 3.25 Environmental Matters.

(a) Seller currently conducts, and for the past two (2) years has conducted, the Business in compliance in all material respects with all applicable Environmental Laws. Seller has not received any written notice, summons, complaint, demand, or other communication from any Person alleging that Seller is not in compliance in any material respect with or has any material Liability under any applicable Environmental Laws. To Seller's Knowledge, there are no circumstances or conditions existing on or prior to the Closing Date at any of the Real Property or resulting from the Seller's Business that would reasonably be expected to result in material Liability of Seller under any Environmental Laws.

(b) Seller possesses all material Environmental Permits that are required for the operation of the Business as currently conducted. Seller is, and has been for the past two (2) years, in compliance in all material respects with each Environmental Permit. All such Environmental Permits are in the name of the Seller and are in full force and effect.

(c) To the Knowledge of Seller, there is no Remedial Action pending or threatened against Seller or any real property currently or formerly owned or leased by Seller;

(d) To the Knowledge of Seller, for the past two (2) years, there has not been any Release or threatened Release of any Hazardous Materials at, on, upon, into or from any of the Real Property that would reasonably be expected to result in material Liability of Seller.

(e) Seller has not assumed by contract or operation of any Applicable Law or otherwise, any material obligation or Liability of any other Person relating to or arising under Environmental Laws or with respect to Hazardous Materials, other than general indemnification obligations in standard commercial contracts entered into in the ordinary course of business.

(f) Seller has made available to Buyer true and correct copies of all material environmental assessments, environmental compliance audits, soil or groundwater investigations, risk assessments, sampling results, and similar reports related to Seller, the Purchased Assets, the Business, or Seller's predecessors, or any real property currently or formerly owned or leased by Seller, that are in the possession or reasonable control of Seller.

Section 3.26 Title Plants. Except as set forth in Section 3.26 of the Seller Disclosure Schedule, no Title Plant now or in the last three (3) years (a) has conducted any business outside of the Ordinary Course of Business, (b) has any material claims or Liabilities relating to any employees, (c) has entered into (or caused or allowed any of its assets to be bound by) any material Contract, or (d) has any unpaid assessments or pending assessments to be paid in connection with any Title Plant ownership interest for any period prior to the Closing.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF BUYER

As a condition and material inducement to Seller's willingness to enter into this Agreement and the Transaction Documents to which it is party and to consummate the transactions contemplated hereby and thereby, Buyer hereby represents and warrants to Seller that:

Section 4.1 Organization, Standing and Corporate Power. Buyer is a limited liability company duly organized, validly existing, and in good standing under the Applicable Laws of Delaware.

Section 4.2 Authority. Buyer has the requisite limited liability company power and authority to enter into this Agreement and any Transaction Document to which it is a party and to consummate the transactions contemplated hereby or thereby. The execution and delivery by Buyer of this Agreement and each Transaction Document to which it is or will be a party at or prior to the Closing and the consummation by Buyer of the transactions contemplated hereby or thereby have been duly authorized by all necessary limited liability company action on the part of Buyer. Buyer has duly executed and delivered this Agreement and each Transaction Document to which it is or will be a party at or prior to the Closing will be duly executed and delivered by Buyer at or prior to the Closing, and (assuming the due authorization, execution and delivery by Seller) each of this Agreement constitutes, and each Transaction Document to which it is or will be a party at or prior to the Closing when so executed and delivered will constitute, its legal, valid and binding obligation, enforceable against it in accordance with its terms subject, as to enforcement, to the Enforceability Exceptions.

Section 4.3 Noncontravention; Consents.

(a) The execution and delivery by Buyer of this Agreement and each Transaction Document to which Buyer is or will be a party at or prior to the Closing, and the consummation of the transactions contemplated hereby or thereby by Buyer, do not and will not (i) conflict with any of the provisions of the Organizational Documents of Buyer, (ii) conflict with, result in a breach of or default (with or without notice or lapse of time, or both) under, any contract, agreement, permit, license or instrument to which Buyer or any Affiliate of Buyer is a party or (iii) assuming the accuracy of the representations and warranties made in Section 3.2(a) (other than Section 3.2(a)(iii)), contravene any Applicable Law, in each case, applicable to Buyer or any of its Affiliates or their respective properties or assets, except in the case of clauses (ii) and (iii) above, any such items which would not reasonably be expected to have a material adverse effect on the consummation by Buyer of the transactions contemplated by this Agreement.

(b) No consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Entity is required by or with respect to Buyer in connection with the execution and delivery of this Agreement by Buyer or any Transaction Document to which Buyer is or will be a party at or prior to the Closing or the consummation by Buyer of any of the transactions contemplated hereby or thereby, except for consents, approvals, authorizations, declarations, filings or notices the failure of which to be obtained would not reasonably be have a material adverse effect on the consummation by Buyer of the transactions contemplated by this Agreement.

Section 4.4 Litigation. There is no Action pending and there is no Order outstanding, or to the Knowledge of Buyer, threatened against Buyer or its Affiliates that, if adversely determined, would reasonably be expected to have a material adverse effect on the consummation of the transactions contemplated by this Agreement or any Transaction Documents to which Buyer is a party or the performance by Buyer of its obligations hereunder.

Section 4.5 Financial Ability. Buyer has access to sufficient funds available to consummate the transactions contemplated by this Agreement and any Transaction Documents to which Buyer is a party and to pay all associated costs and expenses required to be paid by Buyer at the Closing.

Section 4.6 Independent Investigation. Buyer has conducted its own investigation of Seller, the Business, the Purchased Assets and the Assumed Liabilities and acknowledges that Buyer and its Representatives have been permitted access to the personnel, properties, premises and records of Seller and the electronic data room maintained by Seller for purposes of the transactions contemplated by this Agreement. Buyer possesses such knowledge of and experience in financial and business matters that it is capable of evaluating the merits and risks of the transactions contemplated by this Agreement.

Section 4.7 Permits.

(a) Buyer and each Subsidiary of Buyer that conducts the business of insurance or reinsurance (“Buyer Insurance Subsidiary”) has all material Permits to conduct such business (the “Buyer Permits”).

(b) Each of the Buyer Permits is valid and in full force and effect, none of the Buyer Insurance Subsidiaries is in material default under the Buyer Permits, none of the Buyer Permits will be terminated as a result of the transactions contemplated hereby and neither Buyer nor any Buyer Insurance Subsidiary has received written notice that a Buyer Insurance Subsidiary is in material violation of any of the terms or conditions of any Buyer Permit or alleging the material failure to maintain any Buyer Permit, or that would otherwise lead to the revocation, failure to renew, limitation, suspension or restriction of any Buyer Permit or the authorization or eligibility of Buyer or any Buyer Insurance Subsidiary to transact the business of insurance or reinsurance.

Section 4.8 Brokers. No broker, investment banker, financial adviser, finder or other Person is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement or any Transaction Document based upon arrangements made by or on behalf of Buyer or any of its Affiliates.

ARTICLE V.
[RESERVED]

ARTICLE VI.
COVENANTS

Section 6.1 Public Announcements. Each of Buyer, Doma Corporate, and Seller, shall, and shall causes its Affiliates to, consult with each other before issuing, and provide each other the opportunity to reasonably review and comment upon, any press release or other public statement with respect to the transactions contemplated by this Agreement and shall not issue any such press release or make any such public statement with respect to such matters without the advance approval of the other Party following such consultation (such approval not to be unreasonably withheld, delayed, or conditioned), except as may be required by Applicable Law or by the requirements of any securities exchange; provided, that, in the event that any Party is required by Applicable Law or the requirements of any securities exchange to issue any such press release or make any public statement and it is not feasible to obtain the advance approval of the other Party as required by this Section 6.1, the Party that issues such press release or makes such statement shall provide the other Party with notice and a copy of such press release or statement as soon as reasonably practicable, provided further, that Buyer may disclose such information to its investors and potential investors (on a confidential basis) as part of investor, marketing, reporting, and fund raising activities conducted in the Ordinary Course of Business and, following the Closing, Buyer shall be permitted to issue such press releases and make such public statements without the consent of Seller so long as any such press release or other public statement does not disclose any Material Non-Public Information.

Section 6.2 Collection of Accounts Receivable.

(a) As of the Closing Date, Seller hereby authorizes Buyer to open any and all mail addressed to Seller relating to the Business if received on or after the Closing Date. Further, as of the Closing Date, Seller hereby appoints Buyer as its attorney-in-fact to endorse, cash and deposit any monies, checks or negotiable instruments received by Buyer after the Closing Date with respect to any Accounts Receivable made payable or endorsed to Seller or its order, for Buyer's own account; provided, that such amounts are the property of Buyer pursuant to the terms of this Agreement.

(b) As of the Closing Date, Seller agrees that it will promptly forward to Buyer any monies, checks, or negotiable instruments received by Seller after the Closing Date to the extent relating to any Accounts Receivable or other Purchased Assets for Buyer's own account; provided, that such amounts are the property of Buyer pursuant to the terms of this Agreement, and Buyer will promptly forward to Seller any monies, checks, or negotiable instruments received by Buyer after the Closing Date to the extent relating to any Accounts Receivable or other Excluded Assets that are for Seller's account; provided, that such amounts are the property of Seller pursuant to the terms of this Agreement.

Section 6.3 Confidentiality.

(a) Buyer acknowledges that the information provided to it in connection with the transactions contemplated by this Agreement is subject to the terms of that certain Mutual Nondisclosure Agreement between, dated as of January 11, 2023, by and between Doma Holdings, Inc., an Affiliate of Seller and Doma Corporate, and Buyer (the "Confidentiality Agreement"), *mutatis mutandis*. Notwithstanding anything to the contrary contained in the Confidentiality Agreement, Buyer acknowledges that any and all other information provided to it by Seller, any of its Affiliates or Representatives (as defined in the Confidentiality Agreement) concerning Seller or any of its Affiliates (other than any information to the extent relating to the Business, the Purchased Assets, or the Assumed Liabilities) shall remain subject to the terms and conditions of the Confidentiality Agreement after the Closing, *mutatis mutandis*.

(b) From and after the Closing until the fourth (4th) anniversary of the Closing Date, Seller and Doma Corporate (the “Restricted Parties”, and each individually, a “Restricted Party”) shall, and each Restricted Party shall cause its Affiliates to, treat as confidential, shall safeguard, and shall not use or disclose any and all confidential or proprietary information, trade secrets, knowledge and data, and other proprietary information about the Business, the Purchased Assets or the Assumed Liabilities, in each case, whether marked as confidential or proprietary (the “Confidential Information”), and each Restricted Party shall not, and shall direct its Affiliates not to, disclose or use any such Confidential Information for any purpose except in connection with the performance of such Restricted Party’s obligations pursuant to this Agreement; provided, however, that “Confidential Information” shall not include any information that is (i) now, or subsequently becomes, publicly available other than as the result of a breach hereof (or disclosure or use in violation hereof) by any Restricted Party or its Affiliates or (ii) later lawfully acquired by any Restricted Party from sources who, to the Knowledge of Seller, are not prohibited from disclosing such information pursuant to any obligation of confidentiality with respect thereto, other than those related to its prior ownership of the Purchased Assets or the Business; provided, further, that each Restricted Party and its Affiliates will be permitted to disclose this Agreement to their respective (x) Representatives as needed for Tax and financial reporting purposes or (y) lenders, agents or other financing sources, so long as each such Person is charged with an obligation of confidentiality and such Restricted Party and/or its Affiliates, as applicable, is responsible for any disclosure or use of any such Confidential Information by such Person in violation of the provisions of this Section 6.3. If any Restricted Party or any of its Affiliates, Representatives, or successor or assign of such Restricted Party or its Affiliates is compelled to disclose any such Confidential Information by judicial or administrative process or as required by Law (except for routine regulatory examinations not specifically targeted at the Business, the Purchased Assets or the Assumed Liabilities to which Seller or any of its Affiliates is subject), the Person so compelled, or whose Representative, Affiliate, successor, or assign is so compelled, to disclose such Confidential Information (i) will, to the extent legally permitted, promptly notify Buyer in writing, (ii) will disclose only that portion of such Confidential Information which such Person is advised by its counsel (including in-house counsel) is legally required to be disclosed, and (iii) will use commercially reasonable efforts to assist Buyer, as reasonably requested by Buyer, in obtaining an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such Confidential Information.

Section 6.4 Tax Covenants.

(a) The Party required under applicable Law will, at its own expense, file when due all necessary Tax Returns and other documentation with respect to all transfer, documentary, sales, use, stamp, registration and other similar Taxes and fees that may be imposed or assessed in connection with the transfer of the Purchased Assets, including any interest and penalties thereon (the “Transfer Taxes”). All Transfer Taxes shall be borne fifty-percent (50%) by Seller and fifty-percent (50%) by Buyer when due. Buyer and Seller each agrees to timely sign and deliver (or cause to be timely signed and delivered) such certificates or forms as may be necessary or appropriate and otherwise to use commercially reasonable efforts to cooperate to establish any available exemption from (or otherwise reduce) any such Transfer Taxes.

(b) The Purchase Price (and any Assumed Liabilities and other items taken into account as amount realized for U.S. federal income Tax purposes) shall be allocated among the Purchased Assets for all Tax purposes in accordance with their respective fair market values pursuant to an allocation schedule prepared by Buyer and delivered to Seller as soon as reasonably practicable after the final determination of Closing Working Capital in accordance with Section 1.6(a), but not more than sixty (60) days following the final determination of Closing Working Capital in accordance with Section 1.6(a), in accordance with Section 1060 of the Code and the principles and methodologies set forth in Schedule 6.4(b) attached hereto (the “Purchase Price Allocation”). Seller shall, within thirty (30) days after receipt of Buyer’s determination of the Purchase Price Allocation, provide written notice (which such notice shall include Buyer’s objections, proposed revisions and the basis therefor, in each case, in reasonable detail) to Buyer if Seller disagrees with Buyer’s determination, and if Seller does not so provide written notice to Buyer within such thirty (30) day period, the Purchase Price Allocation prepared by Buyer shall be final and binding on the Parties. If Seller timely provides written notice (which such shall include Seller’s objections, proposed revisions and the basis therefor, in each case, in reasonable detail) to Buyer and Buyer does not accept Buyer’s comments, Buyer and Seller shall make a good faith effort to resolve any dispute, after which any remaining disputed issues may, at the written request of either Seller or Buyer, be submitted for binding resolution to the Independent Accounting Firm for resolution in accordance with the dispute resolution procedures set forth in Section 1.6(a), *mutatis mutandis*. Except as may be required by Applicable Law, the Parties will: (i) file or cause to be filed all Tax Returns (including IRS Form 8594, as applicable) in a manner consistent with the Purchase Price Allocation (as determined pursuant to this Section 6.4(b)); and (ii) not take any action inconsistent therewith. Any adjustments to the Purchase Price or other amounts paid by any Party pursuant to this Agreement subsequent to the initial delivery of the Purchase Price Allocation by Buyer to Seller shall be reflected in amendments to the Purchase Price Allocation in a manner consistent with Treasury Regulation Section 1.1060-1.

(c) Seller and Buyer shall provide each other with such reasonable cooperation (at the requesting Party's expense) and information as either of them reasonably may request of the other in filing any Tax Return, amended Tax Return or participating in or conducting any audit or other proceeding in respect of Taxes, in each case with respect to the Purchased Assets or the Business for a taxable period ending on or prior to the Closing Date or a Straddle Period. Seller and Buyer shall make themselves (and their respective employees) reasonably available on a mutually convenient basis to provide explanations of any documents or information provided under this Section 6.4.

(d) For purposes of this Agreement, in the case of any Taxes that are imposed and are payable for a Straddle Period, the portion of such Taxes attributable to the portion of such Tax period ending on or before the Closing Date: (i) in the case of any property or ad valorem Taxes, shall be deemed to be the amount of such Tax for the entire Tax period multiplied by a fraction the numerator of which is the number of days in the Tax period ending on and including the Closing Date and the denominator of which is the number of days in the entire Straddle Period, and (ii) in the case of all other Taxes, will be deemed equal to the amount which would be payable as computed on a closing of the books basis if the relevant Tax period ended on and included the Closing Date; provided, that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the Tax period ending on and including the Closing Date and the Tax period beginning after the Closing Date in proportion to the number of days in each such period relative to the entire taxable period.

(e) Notwithstanding any other provision in this Agreement to the contrary, Buyer and any other withholding agent shall have the right to deduct and withhold any required Taxes from any payments to be made hereunder. In the event Buyer or a withholding agent intends to make any withholding (other than any deduction or withholding relating to amounts treated as compensation for Tax purposes or a failure to deliver the form to Buyer pursuant to Section 2.2(d)), Buyer or such withholding agent shall use commercially reasonable efforts to provide Seller with an advance notice of any amounts it intends to withhold or deduct. Buyer shall use commercially reasonable efforts to cooperate in good faith with Seller (at Seller's sole cost and expense) in order to provide Seller with an opportunity to obtain exemption from or to otherwise reduce or eliminate any amount that would otherwise be required to be deducted or withheld. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes of this Agreement as having been delivered and paid to the applicable recipient of payment in respect of which such deduction and withholding was made.

Section 6.5 Restrictive Covenants. As a condition and material inducement to Buyer's willingness to enter into this Agreement and purchase the Purchased Assets hereunder, and to protect the value and goodwill of the Business and the substantial investment made by Buyer, each Restricted Party hereby covenants and agrees as follows:

(a) Non-Competition. For a period of four (4) years immediately following the Closing Date, such Restricted Party shall not, and such Restricted Party shall cause its Affiliates not to, directly or indirectly, anywhere within the State of California, (i) operate, control, permit its name to be used in connection with, or otherwise engage in any Restricted Business, or (ii) invest in, own, manage, operate, finance, advise, render services to, consult with, permit its name to be used by, or guarantee the debts or obligations of, any Person engaged in or planning to become engaged in any Restricted Business; provided, however, that such Restricted Party may purchase or otherwise acquire up to (but not more than) five percent (5%) of any class of the securities of any Person (but may not otherwise participate in the activities of such Person) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934, as amended, provided, further that the foregoing shall not prohibit such Restricted Party or any such Restricted Party's Affiliate from continuing to operate the Doma Permitted Business Activities.

(b) Non-Solicitation and Non-Hire. For a period of four (4) years immediately following the Closing Date, no Restricted Party shall, and each Restricted Party shall cause its Affiliates not to, directly or indirectly:

(i) solicit the business of any Person who is a customer of Buyer, or any of its Affiliates with respect to any Restricted Business;

(ii) cause or induce, or attempt to cause or induce, any customer, supplier, vendor, licensee, licensor or other business relation of Buyer or any of its Affiliates to cease doing business or otherwise reduce the level of business conducted with Buyer or such Affiliate of Buyer (other than solely in respect of the Doma Permitted Business Activities);

(iii) cause or induce, or attempt to cause or induce, any customer, supplier, vendor, licensee, licensor or other business relation of Seller as of, or at any time during the twelve (12)-month period immediately preceding, the Closing Date, to cease doing business or otherwise reduce the level of business conducted with Buyer or any Affiliate of Buyer (other than solely in respect of the Doma Permitted Business Activities); or

(iv) solicit, induce, hire (solely with respect to any Doma Restricted Employee), retain, or attempt to solicit, induce, hire (solely with respect to any Doma Restricted Employee) or retain any employee or independent contractor of Buyer or any of its Affiliates (including any Doma Restricted Employee and any former employee or independent contractor if such Person was an employee or independent contractor of Buyer or any of its Affiliates within the twelve (12)-month period prior to such solicitation, inducement, hiring, retention, or attempted solicitation, inducement, hiring, or retention), or in any way interfere with the relationship between Buyer or any of its Affiliates and any of such Person's employees or independent contractors;

provided, however, that the foregoing clause (i) shall not prohibit either Restricted Party or their Affiliates from continuing to operate the Doma Permitted Business Activities. In connection with the Doma Permitted Business Activities, each Restricted Party agrees and covenants not to, and agrees to cause its Affiliates not to, directly or indirectly, at any time make, publish, or otherwise communicate to any Person any defamatory or disparaging remarks, comments, or statements concerning Buyer, any of its Affiliates, or any of such Person's employees or independent contractors; provided, that the foregoing restriction in this sentence will not apply to any statements that are made truthfully in response to a subpoena or other compulsory legal process or to truthful testimony provided to or in cooperation with any court or government agency or as otherwise protected by Applicable Law.

(c) Equitable Remedies. Each Restricted Party acknowledges and agrees that (i) Buyer and its Affiliates would suffer irreparable and ongoing damages (including a significant loss of the value and goodwill of the Purchased Assets and of the Business purchased by Buyer pursuant to this Agreement) in the event that any provision of this Section 6.5 were not performed in accordance with its terms or otherwise were breached; and (ii) monetary damages, even if available, alone would not be an adequate remedy for any such non-performance or breach. Accordingly, each Restricted Party agrees that in the event of any breach or threatened breach of any provision of this Section 6.5, Buyer shall be entitled, in addition to all other rights and remedies that it may have existing in its favor at law, in equity, or otherwise, to seek injunctive or other equitable relief (including a temporary restraining order, a preliminary injunction, and a final injunction) to prevent any such breach or threatened breach and to enforce such provisions specifically, without the necessity of posting a bond or other security or of proving actual damages. Such equitable relief shall be sought pursuant to the procedures set out in Section 10.8, whether before the arbitrator or before a court in aid of arbitration. The prevailing party in any action commenced under this Section 6.5(c) (whether through a monetary judgment, injunctive relief, or otherwise) also shall be entitled to recover reasonable attorneys' fees and (if applicable) court costs incurred in connection with such action.

(d) General Acknowledgements. Each Restricted Party acknowledges and agrees that (i) the covenants applicable to such Restricted Party set forth in this Section 6.5 constitute a material inducement to Buyer's willingness to enter into this Agreement and consummate the transactions contemplated hereby and are an integral part of the transactions contemplated hereby; (ii) but for these covenants, Buyer would not have entered into this Agreement or agreed to acquire the Purchased Assets; (iii) in view of the highly competitive nature of the Business, the business objectives of Buyer in acquiring the Purchased Assets, and the consideration paid for the Purchased Assets, each of the covenants set forth in this Section 6.5 is reasonable with respect to its scope, geographic area, and duration and is necessary to protect Buyer's legitimate business interests (including the value and goodwill of the Business and the Purchased Assets purchased by Buyer pursuant to this Agreement), and (iv) the Business, and the business engaged in by Buyer and its Affiliates, both have a North American geographic scope.

(e) Severability; Reformation; Tolling. Each of the covenants contained in this Section 6.5 is a severable and independent covenant. The invalidity or unenforceability of any covenant as written in any jurisdiction shall not invalidate or render unenforceable the remaining covenants set forth in this Section 6.5, or such covenant in any other jurisdiction. The existence of any claim or cause of action against one Party by any other Party, whether predicated on the breach of this Agreement or otherwise, shall not constitute a defense to the enforcement of the covenants set forth in this Section 6.5. If, at the time of enforcement of any provision of this Section 6.5, a final determination is made by a court, arbitrator, or other tribunal of competent jurisdiction that any such provision is unreasonable or otherwise unenforceable under Law, the Parties hereby authorize and instruct such court, arbitrator, or other tribunal to revise and reform the scope, geographic area, and/or duration of the provisions of this Section 6.5 and such provisions shall be deemed to have been reformed so as to produce the maximum legally enforceable restrictions (not greater than those contained herein) permitted by Law. If such court, arbitrator, or other tribunal refuses to do so, the Parties agree that the provisions of this Section 6.5 shall not be rendered null and void, but rather shall be deemed to have been reformed to provide for such maximum legally enforceable restrictions. If any Restricted Party violates any provision or covenant of this Section 6.5, then the duration of the restrictions in this Section 6.5 applicable to such Restricted Party will be extended for a period of time equal to that period beginning when such violation commenced and ending when the activities constituting such violation terminated, and, in the event Buyer seeks relief for such violation before any court, arbitrator, or other tribunal, then the duration of restrictions in this Section 6.5 will be extended for a period of time equal to the pendency of any such proceeding, including all appeals therefrom.

Section 6.6 No Change of Pre-Closing Underwriter. Following the Closing, Buyer hereby acknowledges and agrees to not change the underwriter associated with or designated as the underwriter on a preliminary report issued prior to the Closing, each of which is described in reasonable detail on Section 6.6 of the Seller Disclosure Schedule, in connection with any Pending Title File to the extent such underwriter relationship exists and is in effect as of the Closing with respect to such Pending Title File.

Section 6.7 Employees.

(a) Within ten (10) Business Days following the Closing, Buyer or Buyer's Affiliate shall offer employment to all Specified Doma Corporate Employees on terms and conditions that are competitive in the market in which such Specified Doma Corporate Employees will be employed and comparable to similarly situated employees of Buyer, in each case, as determined by Buyer; provided, however, that if any such Specified Doma Corporate Employee is on leave, on vacation or PTO or otherwise unavailable, then such ten (10) Business Day period shall be extended for a reasonable period of time with respect to such Specified Doma Corporate Employee. Specified Doma Corporate Employees who accept such offers of employment from Buyer or Buyer's Affiliate are referred to herein as "Continuing Employees". Employment with Buyer or Buyer's Affiliate by the Continuing Employees shall commence effective as of the date each such employee separates from employment with Doma Corporate (with respect to a specific Continuing Employee, such Continuing Employee's "Employment Date").

(b) Continuing Employees shall receive credit for all periods of service with Doma Corporate through the Closing for purposes of determining eligibility to participate in and vesting (but not for purposes of (i) benefit accruals other than vacation, severance and any 401(k) matching contributions or (ii) vesting under any equity-based arrangements) under Buyer's or such Affiliate of Buyer's benefit plans in which the Continuing Employees become eligible to participate, to the extent permitted by the terms thereof; provided, however, that (A) such service credit shall be given only to the extent it was recognized under the analogous Employee Benefit Plan in which such Continuing Employees participated immediately prior to the Closing; and (B) such service credit shall not be given (1) with respect to any benefit plans created after the Closing for which similarly situated employees of Buyer do not receive prior service credit or (2) where it would result in the duplication of any benefits for the same period of service.

Section 6.8 Transfer of Title Plants Interest. Notwithstanding anything herein to the contrary, the Parties acknowledge and agree that if any of the shares, membership interests or other securities owned by Seller of a Title Plant are not transferred to Buyer at the Closing pursuant to the terms of such Title Plant's Organizational Documents (such shares, membership interests or other securities that are not so transferred to Buyer, the "Remaining Title Plant Interests"), then no later than the date that is thirty (30) days after the Closing Date, Seller shall (and Buyer shall reasonably cooperate with Seller in connection therewith) obtain the applicable consents required, or execute and deliver, or cause to be executed and delivered, such documents, certificates, agreements and other writings or take, or shall cause to be taken, such further actions as may be reasonably required or requested by any Party (or any Title Plant) to transfer the Remaining Title Plant Interests to Buyer in form and substance reasonably satisfactory to Buyer; provided, however, if any Remaining Title Plant Interest fails to be transferred to Buyer within thirty (30) days after the Closing Date, Parties will reasonably and amicably collaborate to seek to transfer such Remaining Title Plant Interest to Buyer in form and substance reasonably satisfactory to Buyer.

ARTICLE VII.
[RESERVED]

ARTICLE VIII.
[RESERVED]

ARTICLE IX.
INDEMNIFICATION

Section 9.1 Survival. The representations and warranties of the Parties contained in this Agreement shall survive the Closing and shall terminate and expire at 5:00 pm California time the date that is fifteen (15) months after the Closing Date; provided that the Seller Fundamental Representations and the Buyer Fundamental Representations shall terminate and expire at 5:00 pm California time on the sixth (6th) anniversary of the Closing Date, and the representations and warranties relating to Taxes in Section 3.16 (the “Tax Representations”) shall terminate and expire at 5:00 pm California time on the date that is sixty (60) days after the expiration of all statutes of limitation under applicable Tax laws (after giving effect to any tolling, waiver, mitigation, or extension thereof). All covenants and agreements that contemplated performance after the Closing Date will survive the Closing in accordance with their express terms, and if no terms are specified, then such covenants and agreements shall survive indefinitely. Notwithstanding the preceding sentences, (i) if written notice asserting any claim for indemnification due to any inaccuracy or any breach of representation and warranty under this Agreement shall have been given to the Party against whom such indemnity may be sought within the applicable survival period set forth in this Section 9.1, such claim and related representations, warranties, covenants, agreements, and indemnification obligations under this ARTICLE IX shall survive until such claim shall have been finally resolved in accordance with this ARTICLE IX and payment in respect thereof, if any is required to be made, shall have been made and (ii) any claim for indemnification based on Fraud shall survive the Closing indefinitely.

Section 9.2 Indemnification by the Restricted Parties. Subject to the expiration of the representations and warranties and covenants of the Restricted Parties as provided in Section 9.1 and the limitations set forth in this ARTICLE IX, from and after the Closing, the Restricted Parties, on a joint and several basis, shall indemnify and hold harmless Buyer and its Affiliates, and its and their respective directors, officers, shareholders, equityholders, members, partners, employees, agents, and successors and assigns (collectively, the “Buyer Indemnified Persons”) from and against any and all Indemnifiable Losses suffered or incurred by such Buyer Indemnified Persons to the extent resulting from, with respect to, based upon, or arising out of:

(a) any breach or inaccuracy of any representation or warranty of any Restricted Party contained in this Agreement or in any document or certificate delivered by Seller in connection herewith;

(b) any breach or nonfulfillment of any agreement or covenant, or obligation to be performed by any Restricted Party pursuant to this Agreement;

(c) any Excluded Liability or Excluded Asset; or

(d) any failure to comply with the provisions of any bulk sales, bulk transfer, or other similar Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets under this Agreement.

For purposes of determining whether there has been an inaccuracy in, or breach of any representation, warranty, covenant, or agreement made by any Restricted Party, and for the purposes of determining the amount of any Indemnifiable Losses under this Section 9.2, each representation, warranty, covenant, and agreement of any Restricted Party contained in this Agreement (other than Section 3.11(a)) shall be read without regard to any materiality, Material Adverse Effect, or similar qualifier contained therein.

Section 9.3 Indemnification by Buyer. Subject to the expiration of the representations and warranties and covenants of Buyer as provided in Section 9.1 and the limitations set forth in this ARTICLE IX, from and after the Closing, Buyer shall indemnify and hold harmless Seller and its Affiliates, and its and their respective directors, officers, shareholders, equityholders, members, partners, employees, agents, and successors and assigns (collectively, the “Seller Indemnified Persons”) from and against any and all Indemnifiable Losses suffered or incurred by such Seller Indemnified Persons to the extent resulting from, with respect to, based upon, or arising out of:

(a) any breach or inaccuracy of any representation or warranty of Buyer contained in this Agreement or in any document or certificate delivered by Buyer in connection herewith;

(b) any breach or nonfulfillment of any agreement or covenant, or obligation to be performed by of Buyer pursuant to this Agreement;
or

(c) any Assumed Liabilities or the ownership or operation of the Purchased Assets by Buyer or any Affiliate of Buyer on or after the Closing Date.

For purposes of determining whether there has been an inaccuracy in or breach of any representation, warranty, covenant, or agreement made by Buyer, and for the purposes of determining the amount of any Indemnifiable Losses under this Section 9.3, each representation, warranty, covenant, and agreement of Buyer contained in this Agreement shall be read without regard to any materiality, material adverse effect, or similar qualifier contained therein.

Section 9.4 Certain Limitations.

(a) No Party shall be obligated to indemnify and hold harmless its respective Indemnitees, and no Party shall have any liability, under Section 9.2(a) (in the case of the Restricted Parties) or Section 9.3(a) (in the case of Buyer) unless and until the aggregate amount of all Indemnifiable Losses of the Indemnitees under Section 9.2(a) (in the case of the Restricted Parties) or Section 9.3(a) (in the case of Buyer) exceeds one hundred ninety-five thousand dollars (\$195,000) (the “Deductible”), at which point such Indemnitor shall be liable to its respective Indemnitees for the value of the Indemnitee’s claims under Section 9.2(a) (in the case of the Restricted Parties) or Section 9.3(a) (in the case of Buyer) that is in excess of the Deductible, subject to the other applicable limitations (if any) set forth in this ARTICLE IX; provided, however, that the preceding limitations shall not apply to any indemnification claim (i) based on Fraud by any Party or any of its Affiliates, (ii) in respect of any Seller Fundamental Representation or Tax Representation (in the case of an indemnification claim under Section 9.2(a)) or (iii) in respect of any Buyer Fundamental Representation (in the case of an indemnification claim under Section 9.3(a)). The maximum aggregate liability of the Restricted Parties, on the one hand, and Buyer, on the other hand, to their respective Indemnitees for any and all Indemnifiable Losses under Section 9.2(a), (in the case of the Restricted Parties) or Section 9.3(a) (in the case of Buyer) shall not exceed ten percent (10)% of the amount equal to the sum of (x) the actual cash amount of the Purchase Price received by Seller under this Agreement and (y) any amounts set off against the Deferred Payment, if any, pursuant to Section 9.8 (the “Indemnification Cap”); provided, however, that the Indemnification Cap shall not apply to any Seller Fundamental Representations, the Tax Representations, or Buyer Fundamental Representations; provided, further, that the preceding limitations shall not apply to any indemnification claim based on Fraud by any Party or any of its Affiliates. Notwithstanding anything contained in this Agreement to the contrary, the maximum aggregate liability of the Restricted Parties pursuant to Section 9.2(a) and Buyer pursuant to Section 9.3(a) shall not exceed (1) the actual cash amount of the Purchase Price received by Seller under this Agreement plus (2) any amounts set off against the Deferred Payment, if any, pursuant to Section 9.8; provided, however, that the preceding limitations shall not apply to any indemnification claim based on Fraud by any Party or any of its Affiliates.

(b) No Buyer Indemnified Person shall be entitled to indemnification with respect to any particular Indemnifiable Loss to the extent such Indemnifiable Loss was expressly reserved for in the Closing Working Capital (as finally determined in accordance with Section 1.6(a)(i)).

(c) Indemnifiable Losses for which an Indemnitee is entitled to indemnification under this Agreement shall be determined without duplication of recovery by reason of the state of facts giving rise to such Indemnifiable Loss constituting a breach of more than one representation, warranty, covenant or agreement, it being understood that no Indemnitee shall be able to recover the same Indemnifiable Loss twice in respect of the same state of facts giving rise to such Indemnifiable Loss.

(d) Each Indemnitee shall use commercially reasonable efforts to mitigate any Indemnifiable Loss for which such Indemnitee seeks indemnification under this ARTICLE IX to the extent required by Applicable Law, it being understood that any reasonable costs and expenses incurred by such Indemnitee in connection with such mitigation shall constitute an Indemnifiable Loss that may be recovered hereunder. Notwithstanding the foregoing, an Indemnitee's obligation to mitigate any Indemnifiable Loss shall not require such Indemnitee to (i) initiate any Action, (ii) assume or incur any material Liability, (iii) seek any payment under any insurance policy in respect of such Indemnifiable Loss prior to seeking indemnification under this ARTICLE IX or (iv) take any other action that would reasonably be expected to materially disrupt or otherwise materially affect in an adverse manner such Indemnitee's business or operations.

Section 9.5 Calculation of Indemnifiable Losses. The amount of any Indemnifiable Losses payable under this ARTICLE IX by the Indemnitor shall be net of any (i) amounts actually received under any insurance policy or from any other Person alleged to be responsible therefor, net of the costs and expenses incurred by the Indemnitee to collect any such insurance proceeds or other recoveries (including reasonable attorneys' fees and expenses and any deductibles or self-insured retentions, any increases in premiums, or any retroactive premium adjustments related to obtaining such insurance proceeds) (collectively, the "Recovery Costs"). If the Indemnitee receives any amounts under applicable insurance policies or from any other Person alleged to be responsible for any Indemnifiable Losses, subsequent to an indemnification payment by the Indemnitor, which when combined with such indemnification payment exceed the aggregate amount of such Indemnifiable Loss, then such Indemnitee shall promptly reimburse the Indemnitor for any payment made or expense incurred by such Indemnitor in connection with providing such indemnification payment up to the amount the insurance proceeds received by the Indemnitee, net of any Recovery Costs.

Section 9.6 Indemnification Claim Procedures.

(a) Method of Asserting Claims. All claims for indemnification by an Indemnitee pursuant to this ARTICLE IX shall be made in accordance with the provisions of this ARTICLE IX.

(b) Notice of Claim. If any Indemnitee has or claims or alleges to have incurred or suffered Indemnifiable Losses for which it is or may be entitled to indemnification, compensation or reimbursement under this ARTICLE IX or for which it is or may otherwise be entitled to a monetary remedy relating to this Agreement or any of the transactions contemplated hereby (each a "Claim"), such Indemnitee shall deliver a claim notice (a "Claim Notice") to the Indemnitor promptly following the Indemnitee obtaining actual knowledge thereof. Each Claim Notice shall: (i) state that the Indemnitee believes that the Indemnitee is entitled to indemnification, compensation or reimbursement under this ARTICLE IX or is or may otherwise be entitled to a monetary remedy relating to this Agreement or any of the transactions contemplated hereby; (ii) contain a reasonable description of the facts and circumstances supporting the Indemnitee's Claim based on the information then available to the Indemnitee; and (iii) if reasonably practicable, contain a non-binding, preliminary, estimate and calculation of the amount of Indemnifiable Losses to which the Indemnitee claims to be entitled, together with reasonable supporting documentation (based on information then available to the Indemnitee) (the aggregate amount of such estimate, as it may be modified by the Indemnitee from time to time, and taking into account any limitations under Section 9.4, being referred to as the "Claimed Amount").

(c) Dispute Procedure. During the twenty (20) Business Day period commencing upon receipt by the Indemnitor of a Claim Notice, the Indemnitor may deliver to the Indemnitee a written response (the "Response Notice") in which the Indemnitor: (i) agrees that the full Claimed Amount is owed to the Indemnitee; (ii) agrees that part, but not all, of the Claimed Amount is owed to the Indemnitee; or (iii) indicates that no part of the Claimed Amount is owed to the Indemnitee. If the Response Notice is delivered in accordance with clause (ii) or (iii) of the preceding sentence, the Response Notice shall also contain a reasonable description of the facts and circumstances supporting the Indemnitor's position that only a portion of the Claimed Amount is owed to the Indemnitee, or that the Indemnitee is not entitled to indemnification, compensation or reimbursement under this ARTICLE IX. Any Claim that is disputed pursuant to the Response Notice is referred to as a "Contested Claim" and any part of the Claimed Amount that is not agreed to be owed to the Indemnitee pursuant to the Response Notice is referred to as the "Contested Amount."

(d) Payment of Claimed Amounts. If the Indemnitor in the Response Notice agrees that the full Claimed Amount is owed to the Indemnitee, then the Indemnitor shall pay, within ten (10) Business Days of Indemnitee's receipt of such Response Notice, the Claimed Amount to the Indemnitee.

(e) Payment of Agreed Amount. If the Indemnitor in the Response Notice agrees that part, but not all, of the Claimed Amount is owed to the Indemnitee (the "Agreed Amount"), then the Indemnitor shall pay, within ten (10) Business Days of Indemnitee's receipt of such Response Notice, the Agreed Amount to the Indemnitee.

(f) Resolution Between the Parties. If any Response Notice expressly indicates that there is a Contested Claim or a Contested Amount, the Indemnitor and the Indemnitee shall attempt in good faith to resolve the dispute related to the Contested Claim or Contested Amount. If the Indemnitor and the Indemnitee resolve such dispute in full in a final, definitive, written agreement between the Indemnitor and the Indemnitee stipulating the amount owed to such Indemnitee (the "Stipulated Amount"), then such resolution shall be binding on the Indemnitor and such Indemnitee. The Indemnitor shall pay, within ten (10) Business Days of finalizing such Stipulated Amount, the Stipulated Amount to the Indemnitee.

(g) Determination of Indemnifiable Losses. In the event that there is a Contested Claim and the Indemnifiable Losses set forth in the Claimed Amount cannot be agreed upon by the Indemnitor and the Indemnitee following a reasonable attempt to resolve the dispute related to such Indemnifiable Losses, such Contested Claim shall be resolved pursuant to the dispute resolution provisions of this Agreement.

Section 9.7 Procedures for Third Party Claims.

(a) If any Indemnitee receives notice of assertion or commencement of any Third Party Claim against such Indemnitee in respect of which an Indemnitor may be obligated to provide indemnification under this Agreement, the Indemnitee shall give such Indemnitor prompt written notice (but in no event later than thirty (30) days calendar days after becoming aware) thereof and such notice shall include a reasonable description of the claim and any documents relating to the claim that are not subject to any legal privilege and were provided by the claimant in such Third Party Claim and an estimate of the Indemnifiable Loss and shall reference specific sections of this Agreement that form the basis of such claim (based on information then available to the Indemnitee); provided that no delay on the part of the Indemnitee in notifying any Indemnitor shall relieve the Indemnitor from any obligation hereunder unless (and then solely to the extent) the Indemnitor is actually and materially prejudiced by such delay. Thereafter, the Indemnitee shall keep the Indemnitor reasonably informed of such Third Party Claim, including providing copies of material notices and documents (including court papers) that are not subject to any legal privilege and were provided by the claimant in such Third Party Claim received by the Indemnitee relating to such Third Party Claim.

(b) The Indemnitor shall be entitled to participate in the defense of any Third Party Claim and the Indemnitor shall be entitled to assume the defense thereof with counsel selected by the Indemnitor and reasonably satisfactory to the Indemnitee so long as (i) the Indemnitor notifies the Indemnitee, within twenty (20) days after the Indemnitee has given notice of such Third Party Claim to the Indemnitor (or by such earlier date as may be necessary under applicable procedural rules in order to file a timely appearance and response or other required pleading) that the Indemnitor is assuming the defense of such Third Party Claim as provided in this Agreement and (ii) confirms in its notice that it is obligated to indemnify the Indemnitee for any and all Indemnifiable Losses arising from such Third Party Claim as provided in this Agreement; provided, however, that the Indemnitor shall not have the right to assume the defense of a Third Party Claim if such Third Party Claim (A) seeks injunctive, equitable, or other non-monetary relief against the Indemnitee; (B) is not one in which the Indemnitee reasonably determines, after consultation with its counsel, that use of the counsel selected by the Indemnitor to represent the Indemnitee would be reasonably likely to present such counsel with a conflict of interest; and (C) is not one in which an adverse judgment would, in the good faith judgment of the Indemnitee, likely be materially adverse to the Indemnitee's business. If the Indemnitor is assuming the defense of such Third Party Claim, the Indemnitee shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from counsel employed by the Indemnitor, it being understood that the Indemnitor shall control such defense; provided, that if the Indemnitor assumes control of such defense the Indemnitor must first acknowledge that it would have an indemnity obligation for Losses resulting from such Third Party Claim as provided under this ARTICLE IX. The Indemnitor shall be liable for the reasonable fees and expenses of counsel employed by the Indemnitee for any period during which the Indemnitor has not assumed the defense thereof. If the Indemnitor chooses to defend any Third Party Claim, all of the Parties shall, and shall instruct their respective Affiliates to, reasonably cooperate in the defense thereof (subject to any applicable legal privilege or the attorney work-product doctrine). Such cooperation shall be at the Indemnitor's sole cost and expense and shall include the retention and (upon the Indemnitor's request) the provision to the Indemnitor of records and information that are relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder (in each case, subject to any applicable legal privilege or the attorney work-product doctrine). If the Indemnitor has assumed the defense of a Third Party Claim in accordance with this Section 9.7(b), then so long as the Indemnitor is defending in good faith any such Third Party Claim (and is otherwise in compliance with this Section 9.7(b)), the Indemnitee shall not pay, settle, compromise, or discharge such Third Party Claim without the prior written consent of the Indemnitor (which consent shall not be unreasonably withheld, conditioned, or delayed). If the Indemnitor has assumed the defense of a Third Party Claim in accordance with this Section 9.7(b), the Indemnitor may only pay, settle, compromise, or discharge such Third Party Claim with the Indemnitee's prior written consent (which consent shall not be unreasonably withheld, conditioned, or delayed); provided, that the Indemnitor may pay, settle, compromise, or discharge such Third Party Claim without the written consent of the Indemnitee if such settlement (1) includes, as a condition to any such settlement or compromise, a general release of the Indemnitee and its Affiliates from all Liability in respect of such Third Party Claim, (2) does not subject the Indemnitee to any injunctive relief or other non-monetary remedy, (3) does not include a statement or admission of fault, culpability, Liability, violation of Law or the rights of any Person by Indemnitee or any of its Affiliates or failure to act by or on behalf of the Indemnitee or any of its Affiliates, and (4) provides for the payment by the Indemnitor of monetary damages as the sole relief for the claimant(s) in such Third Party Claim. In the event that the Indemnitor fails to assume the defense of a Third Party Claim in accordance with this Section 9.7(b) or following the Indemnitor's assumption of the defense of a Third Party Claim in accordance with this Section 9.7(b), any of the conditions set forth in this Section 9.7(b) becomes unsatisfied with respect to such Third Party Claim, then the Indemnitee may assume control of the defense of such Third Party Claim to the entire exclusion (including with respect to the settlement or compromise of, or entry of judgment in, such Third Party Claim) and at the entire expense of the Indemnitor.

Section 9.8 Right of Set-Off. Subject to the applicable limitations of this ARTICLE IX, if applicable, Seller agrees that all or any portion of any Indemnifiable Losses incurred, alleged in good faith to be incurred or suffered by any Buyer Indemnified Person may, at Buyer's option and upon at least five (5) days' prior written notice from Buyer to Seller describing in reasonable detail the nature and basis therefor, be set-off against the Deferred Payment. With respect to any such amount set-off by Buyer that has not been (a) finally agreed to in writing between Buyer and Seller or (b) finally determined in favor of Buyer or another Buyer Indemnified Person in accordance herewith, to the extent the amount set-off is greater than the amount determined to be due and owing to Buyer or such Buyer Indemnified Person in accordance herewith, Buyer shall, within five (5) Business Days after such determination, pay or cause to be paid to Seller, by wire transfer of immediately available funds, the amount of such excess. The right of set-off provided in this Section 9.8 shall not be the exclusive means of collecting any Indemnifiable Loss incurred or suffered by any Buyer Indemnified Person in connection with this Agreement.

Section 9.9 Exclusive Remedy. The Parties acknowledge and agree that, except (a) in the case of Fraud or as otherwise provided herein, (b) the remedies of specific performance or injunctive or other equitable relief, or (c) other remedies expressly provided in this Agreement (including Section 1.6 with respect to the adjustment of the Purchase Price and the final determination of Closing Working Capital), their sole and exclusive remedy following the Closing at law or equity with respect to this Agreement or the transactions contemplated hereby, in each case regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in contract or in tort, whether at law or in equity, or otherwise, shall be pursuant to the indemnity provisions in this ARTICLE IX.

Section 9.10 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Purchase Price for Tax purposes, except to the extent otherwise required by Applicable Law.

Section 9.11 Additional Indemnification Provisions. Each Party acknowledges and agrees that the representations, warranties, covenants, and agreements in this Agreement are the product of negotiations among the Parties and represent an agreed-upon contractual allocation of risk among the Parties. Each Party shall be entitled to rely upon, and shall be deemed to have relied upon, all of the representations, warranties, covenants, and agreements of each other Party set forth herein (as qualified by the schedules and exhibits hereto).

Section 9.12 No Contribution. Neither the Restricted Parties nor any other Seller Indemnified Person (by reason of the fact that any Restricted Party or any of its agents or other Representatives was a controlling person, equityholder, director, officer, manager, employee or agent) shall have any legal or equitable right of contribution against any Buyer Indemnified Person with respect to any Indemnifiable Losses that a Buyer Indemnified Person is entitled to indemnification pursuant to Section 9.2.

ARTICLE X.
MISCELLANEOUS

Section 10.1 Bulk Sales Laws. The Parties hereby waive compliance with any Applicable Laws with respect to the bulk sale of assets, and Seller covenants and agrees to pay and discharge when due all claims of creditors which could be asserted against Buyer by reason of such non-compliance.

Section 10.2 Fees and Expenses. Each Party shall, except as otherwise provided in this Agreement, pay its own expenses and legal fees incident to preparing for, entering into, and carrying out this Agreement and any Transaction Document and the consummation of the transactions contemplated hereby and thereby.

Section 10.3 Notices. All notices, requests, claims, demands and other communications to be given or delivered under or by reason of this Agreement shall be in writing and shall be deemed to be given or delivered (a) when personally delivered, (b) when transmitted via e-mail, or (c) the day following the day (except, if not a Business Day, then the next Business Day) on which the same has been sent by overnight courier (providing proof of delivery), to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

(a) if to Buyer:

c/o Williston Financial Group LLC
12909 SW 68th Parkway, Suite 350
Portland, OR 97223
Attention: General Counsel
E-mail: []

with a copy (which shall not constitute notice) to:

c/o Golden Gate Private Equity, Inc.
One Embarcadero Center, 39th Floor
San Francisco, CA 94111
Attention: General Counsel
Dan Haspel
E-mail: []
[]

and to:

Holland & Knight LLP
150 N. Riverside Plaza, Suite 2700
Chicago, Illinois 60606
Attention: Morley S. Fortier III
E-mail: []

(b) if to Seller or Doma Corporate:

Doma Title of California, Inc.
101 Mission Street, Suite 740
San Francisco, CA 94105
Attention: Mike Smith
E-mail: []

with a copy (which shall not constitute notice) to:

Mayer Brown LLP
575 Market Street, Suite 2500
San Francisco, CA 94105
Attention: Paul Chen
E-mail: []

Section 10.4 Interpretation. When a reference is made in this Agreement to a Section, Exhibit, or Schedule, such reference shall be to a Section of, or an Exhibit or Schedule to, this Agreement, unless otherwise indicated. All references herein to any agreement, instrument, statute, rule, or regulation are to the agreement, instrument, statute, rule, or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under said statutes) and to any section of any statute, rule, or regulation, including any successor to said section. Any fact or item disclosed in any section of the Seller Disclosure Schedule shall be deemed disclosed in all other sections of the Seller Disclosure Schedule to the extent the applicability of such fact or item to such other section of the Seller Disclosure Schedule is reasonably apparent on its face to a third party. Disclosure of any item in the Seller Disclosure Schedule shall not be deemed an admission of liability to any third party. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes," or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Whenever the singular is used herein, the same shall include the plural, and whenever the plural is used herein, the same shall include the singular, where appropriate. Whenever the word "Dollars" or the "\$" sign appear in this Agreement, they shall be construed to mean United States Dollars, and all transactions under this Agreement shall be in United States Dollars. All time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the date on which the period commences and including the date on which the period ends and by extending the period to the first succeeding Business Day if the last day of the period is not a Business Day. This Agreement has been fully negotiated by the Parties and shall not be construed by any Governmental Entity or other Person against either Party by virtue of the fact that such Party was the drafting Party.

Section 10.5 Entire Agreement; Third Party Beneficiaries. This Agreement, the other agreements referred to herein (including the Transaction Documents) and the Confidentiality Agreement constitute the entire agreement, and supersede all prior written and oral agreements and understandings, between the Parties with respect to the subject matter hereof and thereof, and the Parties agree to define their rights, liabilities and obligations with respect to such understanding and the transactions contemplated hereby exclusively in contract pursuant to the express terms and provisions of this Agreement, the other agreements referred to herein (including the Transaction Documents) and the Confidentiality Agreement. Except as set forth in ARTICLE IX with respect to the Buyer Indemnified Persons and the Seller Indemnified Persons, this Agreement is not intended to confer upon any Person other than the Parties any rights or remedies.

Section 10.6 Governing Law. This Agreement, and all Actions (whether in contract, tort or statute) that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement), shall in all respects be governed by, and construed and enforced in accordance with, the Laws of the State of Delaware applicable to agreements made and to be performed entirely within such state without giving effect to any conflicts of law principles of such state that might refer the governance, construction or interpretation of such agreements to the Laws of another jurisdiction.

Section 10.7 Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise (other than following the Closing by operation of law in a merger), by either Party without the prior written consent of the other Party, and any such assignment that is not consented to shall be null and void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns. Notwithstanding the foregoing, without the prior written consent of the other Party, Seller and Buyer may (a) assign and delegate, in whole or in part, its rights and obligations under this Agreement to its Affiliates, (b) assign and delegate its rights and obligations under this Agreement to a subsequent purchaser of Seller or Buyer, as the case may be (whether such sale is structured as a sale of stock, merger, recapitalization or otherwise), and (c) assign any or all of its respective rights under this Agreement or any of the other Transaction Documents to any of its lenders as collateral security; provided, that no assignment shall limit or affect the assignor's obligations under this Agreement or the other Transaction Documents.

Section 10.8 Dispute Resolution.

(a) Except for the dispute resolution procedures set forth in Section 1.6 for Working Capital Adjustments, from and after the Closing, the Parties agree that all claims, controversies, and disputes of any kind or nature relating in any way to the enforcement or interpretation of this Agreement or to the Parties' dealings, rights or obligations in connection herewith ("Dispute" or "Disputes") shall be exclusively resolved pursuant to the procedures set forth in this Section 10.8.

(b) In the event a Dispute arises, either Party may give the other Party written notice of the Dispute (“Dispute Notice”). In the event such Dispute Notice is given, the Parties shall attempt to resolve the Dispute promptly and amicably by negotiation between executives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for the matter. Within seven (7) Business Days after delivery of the Dispute Notice, the receiving Party shall submit a written response. Thereafter, the executives shall promptly confer in person or by telephone to attempt to resolve the Dispute. All reasonable requests for non-privileged (including non-attorney work product) and non-confidential information made by one Party to the other will be honored by the other.

(c) If the Dispute has not been resolved by negotiation within twenty (20) Business Days of the complaining Party’s Dispute Notice, the Dispute shall (if the complaining Party wishes to pursue the Dispute) be submitted to Judicial Arbitration and Mediation Services (“JAMS”) or its successors for non-binding mediation under the JAMS Mediation Rules. The place of mediation shall be San Francisco, California (or such other location agreed upon by Buyer and Seller in writing). Either Party may commence mediation by providing a written request for mediation (“Request for Mediation”) to JAMS and the other Party, setting forth the subject matter of the dispute and the relief requested.

(d) All negotiations and proceedings pursuant to Section 10.8(b) and Section 10.8(c) above shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence and any additional confidentiality protections provided by Applicable Law. Further, all applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in Section 10.8(b) and Section 10.8(c) are pending. The Parties shall, if necessary, take any actions required to effectuate such tolling.

(e) If the Dispute has not been completely resolved by mediation within thirty (30) days of the Request for Mediation, the Dispute shall be exclusively resolved by final and binding arbitration administered by JAMS. The Parties further agree that any disagreement as to whether a particular type of claim, controversy, or dispute is subject to arbitration shall, regardless of the nature of the dispute (except those under Section 1.6), be decided exclusively by the arbitrator, and not by a court. Subject to Applicable Laws, each Party agrees that the award of the arbitrator shall be final, binding, and non-appealable and shall be the sole and exclusive remedy between and among the Parties regarding any matter presented to the arbitrator, regardless of the magnitude thereof. All arbitration proceedings shall be conducted pursuant to JAMS’ Streamlined Arbitration Rules and Procedures (“JAMS Rules”). The arbitration shall be conducted in San Francisco, California (or such other location agreed upon by Buyer and Seller in writing), before one (1) neutral arbitrator domiciled there, who shall have at least ten (10) years of experience in hearing, evaluating, and resolving disputes regarding mergers and acquisitions or other corporate transactions and who shall be appointed by agreement of the Parties or, in the event the Parties are unable to agree on the arbitrator within ten (10) calendar days following the commencement of the arbitration, in accordance with JAMS Rule 15. The arbitration shall be conducted exclusively in the English language. The arbitrator(s) shall award attorneys’ fees to the prevailing Party, and shall have the discretion to make a full or partial award of attorneys’ fees based upon their determination of the extent to which a Party achieved the relief sought in its pleadings or prevailed with respect to the issues in controversy. The arbitration, including the arbitration award, shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.), and judgment upon the award may be confirmed and entered by any court having competent jurisdiction over the Parties or their assets. The arbitrator(s) shall have the power to grant any remedy or relief that they deem just and equitable, including but not limited to orders of specific performance as set out in Section 10.10, the equitable remedies available under Section 6.5(c), or any other injunctive or equitable relief, whether interim and/or final, and any provisional measures ordered by the arbitrator(s) may be enforced by any court of competent jurisdiction.

(f) Notwithstanding the foregoing, nothing in this Agreement shall prevent either Party from seeking equitable relief (including orders of specific performance as set out in Section 10.10, the equitable remedies available under Section 6.5(c), or any other injunctions, attachments or other such equitable relief) from any court of competent jurisdiction, and any such application to a court for provisional/preliminary relief shall not be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate. The arbitrator(s) shall be empowered to modify, reverse, and/or maintain any such provisional/preliminary relief issued by the courts by way of a Partial, Interim or Final Award.

Section 10.9 Waiver of Jury Trial. Each Party hereby knowingly, voluntarily and intentionally waives to the fullest extent permitted by Law any right such Party may have to trial by jury in respect of any litigation or other proceeding permitted by this Agreement. If the subject matter of any lawsuit is one in which the waiver of jury trial is prohibited, no Party will present as a non-compulsory counterclaim in any such lawsuit any claim based on, or arising from, under, or in connection with, this Agreement. Furthermore, no Party will seek to consolidate any such action in which a jury trial cannot be waived.

EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT, OR ATTORNEY OR ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER, (III) IT MAKES SUCH WAIVER VOLUNTARILY AND (IV) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.9.

Section 10.10 Specific Performance. Each Party acknowledges and agrees that irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur if the other Party does not perform its obligations under the provisions of this Agreement (including failing to take such actions as are required of it hereunder to consummate the transactions contemplated hereby) in accordance with its specified terms or otherwise breaches such provisions. Each Party acknowledges and agrees that, in addition to any other remedy that the other Party may have under law or in equity, if there is any breach or threatened breach by such Party of any covenant in this Agreement, the other Party will be entitled to obtain (a) a decree or Order of specific performance to enforce specifically the observance and performance of such covenant; and (b) an injunction restraining such breach or threatened breach. Each Party agrees not to assert that a remedy of specific enforcement is unenforceable, invalid, contrary to law or inequitable for any reason, and not to assert that a remedy of monetary damages would provide an adequate remedy or that the other Party otherwise have an adequate remedy at law. Each Party acknowledges and agrees that, in the event that the other Party seeks an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the terms and provisions of this Agreement in accordance with this Section 10.10, such Party will not be required to provide any bond or other security in connection with any such Order or injunction. The remedies available to the Parties pursuant to this Section 10.10 will be in addition to any other remedy to which they are entitled at law or in equity.

Section 10.11 Severability; Amendment; Modification; Waiver.

(a) Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under Applicable Law, but, if any provision or portion of any provision of this Agreement is held to be invalid, illegal, or unenforceable in any respect under any Applicable Law in any jurisdiction, such invalidity, illegality, or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed, and enforced in such jurisdiction as if such invalid, illegal, or unenforceable provision or portion of any provision had never been contained herein.

(b) This Agreement may be amended, supplemented, or otherwise modified only by a written instrument signed by each of Buyer and Seller. No provision of this Agreement may be waived except by a written instrument signed by the Party against whom the waiver is to be effective.

(c) No delay on the part of any Party in exercising any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Party of any right, power or privilege, nor any single or partial exercise of any such right, power, or privilege, preclude any further exercise thereof or the exercise of any other such right, power, or privilege.

Section 10.12 Certain Limitations. Notwithstanding anything to the contrary contained herein, the Seller Disclosure Schedule, or any of the Schedules or Exhibits hereto or thereto, Buyer acknowledges and agrees that neither Seller nor any of its Affiliates, nor any Representative of any of them, make or have made, and Buyer has not relied on, any inducement, promise, representation or warranty, oral or written, express or implied, other than as expressly made by Seller and Doma Corporate in ARTICLE III (as qualified by the Seller Disclosure Schedule). Without limiting the generality of the foregoing, other than as expressly set forth in ARTICLE III (as qualified by the Seller Disclosure Schedule), no Person has made any representation or warranty to Buyer with respect to Seller, the Business, the Purchased Assets, or the Assumed Liabilities, including with respect to (i) merchantability, suitability, or fitness for any particular purpose, (ii) the operation of the Business by Buyer after the Closing, (iii) the probable success or profitability of the Business after the Closing, or (iv) any information, documents, or material made available to Buyer, its Affiliates or Representatives in any “data rooms,” information memoranda, management presentations, functional “break-out” discussions, or in any other form or forum in connection with the transactions contemplated by this Agreement, including any estimation, valuation, appraisal, projection, or forecast with respect to Seller or the Business. With respect to any such estimation, valuation, appraisal, projection, or forecast (including the confidential information memoranda prepared by or on behalf of Seller in connection with the transactions contemplated by this Agreement), Buyer acknowledges that: (i) there are uncertainties inherent in attempting to make such estimations, valuations, appraisals, projections, and forecasts; (ii) it is familiar with such uncertainties; and (iii) such estimations, valuations, appraisals, projections, and forecasts are not and shall not be deemed to be representations or warranties of Seller or any of its Affiliates other than to the extent set forth in Article III (as qualified by the Seller Disclosure Schedule).

Section 10.13 Joint Drafting. The Parties have been represented by counsel in the negotiations and preparation of this Agreement; therefore, this Agreement will be deemed to be drafted by each of the Parties, and no rule of construction will be invoked respecting the authorship of this Agreement.

Section 10.14 Counterparts. This Agreement may be executed in counterparts, all of which shall be considered an original copy of this Agreement and shall become effective when counterparts have been signed by each of the Parties and delivered to the other Party. Each Party may deliver its signed counterpart of this Agreement to the other Party by means of electronic mail or any other electronic medium utilizing image scan technology, and such delivery will have the same legal effect as hand delivery of an originally executed counterpart. For the avoidance of doubt, a Party’s execution and delivery of this Agreement by electronic signature and electronic transmission (jointly, an “Electronic Signature”), including via DocuSign or other similar method, shall constitute the execution and delivery of a counterpart of this Agreement by or on behalf of such Person and shall bind such Person to the terms of this Agreement.

Section 10.15 Misdirected Payments and Assets. From and after the Closing Date, if either Party or any of its Affiliates receives payment from any Person in respect of an account receivable or other payment owed to the other Party or any Affiliate of the other Party, or is in possession of any assets (including, in the case of Seller or any of its Affiliates, any Purchased Asset or, in the case of Buyer or any of its Affiliates, any Excluded Asset) as to which the other Party or any Affiliate of the other Party is entitled or to which the other Party or any Affiliate of the other Party is entitled to the benefit thereof, such Party shall cause the Person receiving such payment or having possession of such asset to promptly remit such payment to the designated bank account of the owner of such receivable or payment or otherwise cause the transfer, assignment, conveyance, and delivery of such asset to the other Party or its designated Affiliate, in each case without the payment of any additional consideration.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, Seller, Doma Corporate, and Buyer have caused this Agreement to be signed by their respective duly authorized officers, all as of the date first written above.

DOMA TITLE OF CALIFORNIA, INC.

By: /s/ Mike Smith
Name: Mike Smith
Title: CFO/Treasurer

DOMA CORPORATE LLC

By: /s/ Mike Smith
Name: Mike Smith
Title: CFO/Treasurer

[Signature Page to Asset Purchase Agreement]

WILLISTON FINANCIAL GROUP LLC

By: /s/ Steve Ozonian

Name: Steve Ozonian

Title: Chief Executive Officer

[Signature Page to Asset Purchase Agreement]

EXHIBIT A
Definitions

For purposes of this Agreement, the following terms when used in this Agreement, shall have the respective meanings set forth below.

“Accounts Receivable” means all accounts and accounts receivable of Seller existing at the Closing to the extent relating to the Business and all rights to bill and receive payment from Clients, Carriers, and others relating thereto, including commissions, fees, income, or payments payable by a Carrier or Client (including all accounts and accounts receivable that have been “written off” or charged against or to any bad debt reserve of Seller), and any security held by Seller for the payment thereof.

“Action” means any civil, criminal, regulatory, or administrative action, arbitration, suit, claim, litigation, examination, cause of action, demand, charge, inquiry, audit, notice of violation, proceeding, citation, summons, subpoena, investigation, or similar proceeding, at law or in equity, in each case before a Governmental Entity or an arbitrator.

“Affiliate” of any Person means another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such first Person, and the term **“Affiliated”** shall have a correlative meaning. For the purposes of this definition, “control,” when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, through the ownership of voting securities, by contract, or otherwise, and the terms “controlling” and “controlled” have the meanings correlative to the foregoing.

“Applicable Law” means any Law applicable to any Person or such Person’s businesses, properties, or assets, as may be amended from time to time.

“Books and Records” means all records (including computer generated, recorded or stored records) to the extent relating to the Business that are in the possession or control of Seller or any of its Affiliates; provided, however, that Books and Records excludes: (i) Tax Returns and Tax records and all other data and information with respect to Taxes; (ii) records, data and information with respect to any Seller Group Benefit Plan; (iii) any employee-related files with respect to the Specified Doma Corporate Employees except for any Specified Doma Corporate Employee who has become an employee of Buyer or any of its Affiliates following the consummation of the transaction contemplated by this Agreement and who has given consent to the disclosure of such files; (iv) any materials prepared for the boards of directors or similar governing bodies of Seller or any of its Affiliates; (v) any corporate minute books, stock records or similar corporate records of Seller or its Affiliates; (vi) any materials that are privileged or confidential for which Seller or its Affiliates do not have a common interest with Buyer; (vii) any information that Seller believes in good faith and is advised by legal counsel is not permitted to be disclosed or transferred by Seller to Buyer or its Affiliates pursuant to Applicable Law; (viii) any internal drafts, opinions, valuations, correspondence or other materials produced by, or provided between or among, Seller and its Affiliates or Representatives with respect to the negotiation, valuation and consummation of the transactions contemplated under this Agreement; (ix) consolidated financial records (including general ledgers) of Seller or its Affiliates, consolidated regulatory filings made by Seller or its Affiliates and any related correspondence with Governmental Entities, except to the extent the information contained therein identifies the Business and is not otherwise included in a Book and Record and (x) records, data, and information to the extent related to any Excluded Asset or Excluded Liability.

“Business Day” means any day, other than a Saturday, Sunday, or any other date on which banks located in San Francisco, California, are closed for business as a result of federal, state or local holiday.

“Buyer Fundamental Representations” means the representations and warranties contained in Section 4.1, Section 4.2, clause (i) of Section 4.3(a) and Section 4.8.

“Buyer Knowledge Schedule” means the knowledge schedule (including any attachments thereto) delivered by Buyer to Seller in connection with, and constituting a part of, this Agreement.

“Carrier” means any insurance company, surety, benefit plan, insurance pool, risk retention group, reinsurer, Lloyd’s syndicate, ancillary employee benefit carrier, state fund or pool, or other risk bearing or risk assuming entity that provides any title insurance products and related services.

“Client” means any Person to which Seller provides title insurance products and related services in connection with the Business.

“Client Account” means a right to receive fees, income, payments or other compensation and any other entitlements and rights of every kind and nature relating to the Business whatsoever to receive money or payments or other compensation with respect to a particular Client, whether such payment is from a Carrier, a Client, or other Third Party.

“Closed Title Files” has the meaning set forth on Annex I.

“Code” means the Internal Revenue Code of 1986, as amended.

“Contract” means with respect to any Person, any (i) written or oral agreement, contract, Lease, mortgage, license, note, commitment, undertaking, indenture, instrument, or other agreement or (ii) other legally binding obligation or undertaking to which such Person is a party or is otherwise subject or bound.

“Current Assets” means, without duplication, the current operating assets of Seller, determined in accordance with GAAP, excluding any (i) cash or cash equivalents (including deposits in transit), (ii) marketable securities, (iii) Fixed Assets, (iv) intangible assets, (v) current or deferred income Tax assets, (vi) intercompany accounts receivable and related clearing, (vii) accounts receivable due from any Specified Doma Corporate Employees, and (viii) Excluded Assets.

“Current Liabilities” means, without duplication, the current operating liabilities of Seller, determined in accordance with GAAP, excluding any (i) current or deferred income Tax Liabilities, (ii) intercompany accounts payable and related clearing, (iii) accounting balance entries for future lease obligations, (iv) accrued incentive pay due to any Specified Doma Corporate Employees (and the related Taxes therefor), (v) accrued bonuses due to any Specified Doma Corporate Employees, and (vi) accrued but unused vacation and other paid-time-off of any Specified Doma Corporate Employees.

“Customer Data” means a customer’s financial data and Personal Information in Seller’s escrow and title insurance files in existence as of the Closing Date.

“Deferred Payment” means, if the aggregate Specified Retention Weighting for all Eligible Specified Retention Employees is (i) equal to or greater than sixty percent (60%) but less than ninety-five percent (95%), then an amount equal to such aggregate Specified Retention Weighting multiplied by the Deferred Payment Pool, (ii) less than sixty percent (60%), then \$0.00, and (iii) equal to or greater than ninety-five percent (95%), then an amount equal to the Deferred Payment Pool.

“Deferred Payment Pool” means an amount equal to (i) fourteen million dollars (\$14,000,000) plus (ii) the Unused Retention Pool.

“Doma Permitted Business Activities” means (i) the licensing of Seller’s or any of its Affiliates’ technology, algorithms and other intellectual property to third parties, (ii) data modeling, (iii) the provision of title and closing services to national lenders (i.e., centralized services to support national relationships with lenders) using Seller’s or any of its Affiliates’ proprietary technology/intellectual property, (iv) acting as an underwriter to support independent title agents, (v) providing other services using Seller’s or any of its Affiliates’ proprietary technology/intellectual property, and (vi) maintaining physical locations in the State of California solely for purposes of conducting the other Doma Permitted Business Activities.

“Doma Restricted Employee” means each employee or independent contractor employed or engaged by Seller or any of its Affiliates as of immediately prior to the Closing that subsequently becomes an employee or independent contractor of Buyer or any of its Affiliates, including but not limited to [EE1], [EE2], and all other Specified Doma Corporate Employees.

“Eligible Specified Retention Employee” means each Specified Retention Employee who accepts employment with Buyer or an Affiliate of Buyer following the Closing in accordance with Section 6.7(a), becomes a “Continuing Employee” and (i) remains employed continuously by Buyer or an Affiliate of Buyer from such Specified Retention Employee’s Employment Date through and including the Deferred Payment Measurement Date, (ii) is terminated by Buyer or an Affiliate of Buyer without cause after such Specified Retention Employee’s Employment Date but prior to or on the Deferred Payment Measurement Date, or (iii) has a termination of employment with Buyer or an Affiliate of Buyer due to such Specified Retention Employee’s disability (within the meaning of Section 409A of the Code) or death after such Specified Retention Employee’s Employment Date but prior to or on the Deferred Payment Measurement Date.

“Employee Benefit Plan” means each deferred compensation, retention, change of control, bonus, incentive compensation, pension, retirement, stock purchase, stock option and other equity or equity-based compensation, phantom equity, employment, consulting, severance, health, vacation, time off, supplemental unemployment benefit, hospitalization insurance, medical, dental, vision, prescription drug, disability, life, welfare, legal services, fringe benefit and other compensation and employee benefit plan, program, agreement, contract, arrangement or policy, including any “welfare benefit plan” (within the meaning of Section 3(1) of ERISA, determined without regard to whether such plan is subject to ERISA) and any “pension benefit plan” (within the meaning of Section 3(2) of ERISA, determined without regard to whether such plan is subject to ERISA).

“Environmental Law” means any Applicable Law relating to any (1) pollution or the protection of the environment, (2) human health and safety, or (3) the handling, use, presence, storage, disposal, release or threatened release of, or exposure to, any Hazardous Materials. The term “Environmental Law” shall include (a), as applicable, the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601, et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., the Clean Water Act, 33 U.S.C. § 1251 et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Oil Pollution Act of 1990, 33 U.S.C. § 2701 et seq., the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. § 11001 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., the Endangered Species Act, 16 U.S.C. § 1531 et seq., the Federal Insecticide, Fungicide, & Rodenticide Act, 7 U.S.C. § 136 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq., and all applicable analogous state or local statutes or ordinances, all as amended from time to time; or (b) any Applicable Law concerning exposure to, or the use, handling, generation, storage, recycling, treatment, transportation, processing, handling, labeling, production, or disposal of Hazardous Materials, including any Applicable Law with respect to occupational health or safety, or any common law or equitable doctrine (including injunctive relief and tort doctrines such as negligence, nuisance, trespass and strict liability) that may impose liability or obligations for injuries or damages due to or threatened as a result of the presence of, exposure to or ingestion of, any Hazardous Materials.

“Environmental Permit” means any Permit issued pursuant to any Environmental Law.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means any Person or trade or business (whether incorporated or unincorporated) that together with the Seller, is, or at any relevant time was, treated as a “single employer” or as part of the same “affiliated service group,” each within the meaning of Section 414 of the Code.

“Escrow Agent” means Comerica Bank.

“Escrow Agreement” means an escrow agreement, substantially in the form of Exhibit B attached hereto, to be entered into at the Closing by Seller, Buyer, and the Escrow Agent.

“Estimated Working Capital Adjustment” means an amount, which may be positive or negative, equal to the difference of (a) the Estimated Working Capital minus (b) the Working Capital Target.

“Fixed Assets” means all machinery, equipment, tools, furniture, office equipment, computer hardware, supplies, materials, and other items of tangible personal property of every kind, whether owned or leased by Seller, wherever located, in each case to the extent primarily used in or held for use in the Business.

“Fraud” means an act committed by a Party or any of its Affiliates with intent to deceive another Party and requires (i) a false representation of any material fact or matter expressly set forth in this Agreement (including the Seller Disclosure Schedule) or any document or certificate delivered in connection herewith, (ii) with knowledge that, or a reckless disregard that, such representation is false, (iii) with an intention to induce the Party to whom such representation is made to act or refrain from acting upon it, (iv) causing that Party, based upon such false representation, to take or refrain from taking action, and (v) causing that Party to suffer damage.

“GAAP” means generally accepted accounting principles in the United States.

“Government Official” means any Person employed by or that is an agent of any Governmental Entity or any political party or that is a candidate for any office of a Governmental Entity.

“Governmental Entity” means any United States, federal, state, local, foreign or other governmental agency or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations, or orders of such organization or authority have the force of Law), or any arbitrator, court, or tribunal of competent jurisdiction.

“Hazardous Material” means any material, chemical, or substance that is characterized, classified, listed, defined, designated or regulated under any applicable Environmental Law, as amended, as “hazardous”, “toxic”, “pollutant”, “contaminant”, “radioactive”, “waste”, or words of similar meaning or effect, including pesticides, petroleum products and by-products and breakdown products, asbestos-containing materials, polychlorinated biphenyls, per- and polyfluoroalkyl substances, 1,4-dioxane, radioactive materials, urea formaldehyde insulation, or any other substance or material which may be harmful to human health or the environment and which is regulated or controlled under any applicable Environmental Law, due to its hazardous or deleterious properties or characteristics.

“Indebtedness” means, with respect to any Person, as of any time, without duplication, all obligations, including the outstanding principal amount of, accrued and unpaid interest on, and other liquidated payment obligations (including any prepayment penalties, premiums, costs, breakage, or other amounts payable in connection with the prepayment, repayment, or retirement thereof) of such Person consisting of or related to (i) indebtedness for borrowed money or indebtedness issued in substitution or exchange for borrowed money, (ii) indebtedness evidenced by any note, bond, debenture, or other debt security (including a purchase money obligation), (iii) obligations under leases that are required to be capitalized in accordance with GAAP, (iv) obligations for the deferred purchase price of property, goods, or services (other than trade payables or accruals incurred in the Ordinary Course of Business to the extent included within Closing Working Capital (as finally determined in accordance with Section 1.6), but including any deferred purchase price Liabilities, contingent payments, earnouts, installment payments, seller notes, promissory notes, or similar Liabilities, in each case, related to past acquisitions and, for the avoidance of doubt, in each case, whether or not contingent), (v) letters of credit (whether drawn or undrawn), (vi) all obligations under any currency or interest rate swap, hedge, or similar agreement or arrangement (with respect to Seller and the Business, determined as if such instrument were terminated as of the Closing Date), (vii) accrued incentive pay due to any Specified Doma Corporate Employees (and the related Taxes therefor), (viii) accrued bonuses due to any Specified Doma Corporate Employees, (ix) accrued but unused vacation and other paid-time-off of any Specified Doma Corporate Employees, and (x) guarantees of any Liability of a third party of the type described in the foregoing clauses (i) through (ix).

“Indemnifiable Losses” means any and all damages, disbursements, Taxes, deficiencies, penalties, settlements, losses, liabilities, obligations, costs, and expenses (including reasonable attorneys’ and accountants’ fees and expenses and costs and expenses of investigation and defense); provided that Indemnifiable Losses shall in no event include any punitive damages unless such punitive damages are payable to a third party or otherwise incurred in connection with any Fraud.

“Indemnitee” means any Person entitled to indemnification under this Agreement.

“Indemnitor” means any Person required to provide indemnification under this Agreement.

“Insurance Laws” means all Applicable Laws relating to the business of insurance, whether federal, national, provincial, state, local or multinational, and all applicable Orders, directives of, and market conduct recommendations resulting from market conduct examinations of, Insurance Regulators.

“Insurance Regulator” means, with respect to any jurisdiction, any Governmental Entity charged with or responsible the regulation, evaluation, or oversight of the business of insurance, in such jurisdiction under Insurance Laws.

“IT Assets” means the computer systems (including computers, servers, workstations, routers, hubs, switches, circuits, networks, data communication lines, software, hardware, information technology systems, telecommunication systems, data processing systems, databases, data repositories, cloud services and other systems, equipment and infrastructure) that are owned, leased, licensed or otherwise used by or on behalf of Seller in or necessary to conduct the Business.

“Knowledge” means the actual knowledge, after a due and reasonable inquiry, of (i) with respect to Seller and Doma Corporate, those Persons listed in the Seller Knowledge Schedule, and (ii) with respect to Buyer, those Persons listed in the Buyer Knowledge Schedule.

“Law” means any law, statute, legislation, principle of common law, judicial decision, resolution, code, directive, determination, charge, direction, ordinance, written rule or regulation, Order, injunction, judgment, decree, constitution, or treaty enacted, promulgated, issued, enforced, or entered by any Governmental Entity.

“Leases” means all leases, subleases, licenses, concessions and other agreements (written or oral), including all amendments, extensions, renewals, guaranties, and other agreements with respect thereto, pursuant to which Seller holds, occupies, or uses any real property.

“Liability” means, with respect to any Person, any liability or obligation of such Person of any kind, known or unknown, whether absolute or contingent, matured or unmatured, conditional or unconditional, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, or due or to become due.

“Lien” means any mortgage, pledge, deed of trust, lien, encumbrance, charge, claim, community property interest, marital property interest, equitable interest, condition, hypothecation, security interest, or similar claim or interest.

“made available” means (unless otherwise specified), with respect to a particular document, item or other piece of information, inclusion in the virtual data rooms hosted by Intralinks, Inc. and Box (the “Data Room”) in connection with the transactions contemplated hereby for a continuous period of at least two (2) calendar days immediately prior to the date of this Agreement.

“Material Adverse Effect” means any event, occurrence, fact, development, condition, or change, individually or in the aggregate with any other event, occurrence, fact, development, condition, or change, that (i) has, or is reasonably expected to have, a material adverse effect on the business, operations, prospects, earnings, condition (financial or otherwise), assets (including intangible assets), or liabilities of Seller or (ii) would impair or delay in any material respect the ability of Seller to consummate the transactions contemplated hereby, but excluding any such effect to the extent resulting from, arising out of, or relating to (except, with respect to the following clauses (A), (B) and (D), to the extent such event, occurrence, fact, development, condition, or change disproportionately affects Seller as compared to other participants in the industry in which Seller operates): (A) general political, economic, regulatory, legislative, or securities or financial market conditions (including changes in interest rates, changes in currency exchange rates, or changes in equity prices); (B) any change, development, event or occurrence affecting the insurance or reinsurance industry generally or any occurrence or condition generally affecting participants in any jurisdiction or geographic area in any segment of the industries or markets in which the Business operates (including natural catastrophe events); (C) any change or in GAAP or Applicable Law, or the interpretation or enforcement thereof; (D) any Public Health Event, hostilities, acts of war or terrorism, or any escalation or worsening thereof; (E) the negotiation, execution, and delivery of, or compliance with the terms of, or the taking of any action required by, this Agreement or any Transaction Document or the failure to take any action prohibited by this Agreement or any Transaction Document; or (F) any failure of Seller to meet any financial projections, forecasts, predictions, or targets (but not excluding the underlying reason therefor to the extent such reason therefor is not otherwise excluded by the other clauses of this definition).

“Material Contract” means, to the extent exclusively relating to the Business, each Contract to which Seller is a party, or by which Seller or any Purchased Assets are bound that:

- (i) is with any Carrier, wholesaler, aggregator, multi-agency network or broker;
 - (ii) involves the expenditure or receipt by Seller (net of premiums not retained by Seller) of more than \$75,000 annually;
 - (iii) requires Seller to guarantee, reimburse, indemnify or hold harmless any other Person, or provides for a guaranty of or by Seller;
 - (iv) imposes on Seller any non-competition, non-solicitation, non-disclosure, confidentiality or other similar restrictive obligation;
 - (v) imposes on any other Person, for the benefit of Seller, any non-competition, non-solicitation, non-disclosure, confidentiality, or other similar restrictive obligation;
 - (vi) provides for or relates to any employment, independent contractor, or consulting relationship with any Person, including obligations relating to confidentiality, nondisclosure, noncompetition and nonsolicitation of customers or employees and contractors;
 - (vii) is between Seller and any Affiliate of Seller or Related Party;
 - (viii) grants a Lien on any Purchased Asset or other asset of Seller (including under conditional sales, capital leases or other title retention or security devices);
 - (ix) grants or increases any severance, continuation, termination or post-termination pay to any director, officer, shareholder, interest holder, partner, employee, agent, consultant, or independent contractor of Seller;
 - (x) establishes any partnership, joint venture or similar arrangement that is material to the Business;
 - (xi) is a Lease;
 - (xii) involves the acquisition or sale of any securities or any substantial portion of assets or business of or to any other Person, whether completed or pending;
 - (xiii) is between Seller and any Governmental Entity;
 - (xiv) any indenture, mortgage, note, loan agreement, equipment financing agreement, installment obligation, or other Contract relating to Indebtedness of Seller or the Business;
 - (xv) any Contract for capital expenditures with remaining obligations;
 - (xvi) any distribution, reseller, dealer, agency, franchise, revenue sharing, alliance, joint venture, or similar Contract;
 - (xvii) any Contract that contemplates the payment of royalties, commissions, or other payments based on provision of services or sales of products, whether related to licensing or development of Intellectual Property or otherwise, other than non-exclusive license to commercially available off-the-shelf Intellectual Property for less than \$15,000 annually;
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(xviii) any Contract pursuant to which Seller is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures, or other personal property, which involves the expenditure or receipt by Seller of more than \$15,000 annually; or

(xix) is otherwise material to the Business, either individually or collectively with related Contracts.

“Material Non-Public Information” means information (i) that has not been disseminated in a manner making it available to investors generally, within the meaning of Regulation FD, and (ii) to which an investor would reasonably attach importance in reaching a decision to buy, sell or hold equity interests in Doma Holdings Inc.

“NWC Escrow Amount” means Five Hundred Thousand Dollars (\$500,000).

“Order” means any order, judgment, decree, injunction, stipulation, settlement, or consent order of or with any Governmental Entity.

“Ordinary Course of Business” means, with respect to a Person, the ordinary course of business of such Person consistent with past practice.

“Organizational Documents” means, with respect to any entity, (i) the certificate or articles of incorporation and the bylaws, the memorandum of association and the articles of association, the certificate of formation and partnership agreement or operating agreement, as applicable, and (ii) any documents comparable to those described above as may be applicable to such entity pursuant to any Applicable Law or by contract.

“Outstanding Transaction Expenses” means any and all fees, costs, and expenses and other amounts incurred or otherwise payable by or on behalf of Seller or the Business in connection with the negotiation, execution and delivery of any letter of intent or term sheet, this Agreement or any other Transaction Document, as well as the consummation of the transactions contemplated hereby and thereby, including (i) all legal, Tax, accounting, financial, and other advisory and consulting fees, (ii) all investment banking and financial intermediary fees, costs, and expenses; (iii) all fees, costs and expenses associated with Seller or the Business obtaining the release and termination of any Liens on the Purchased Assets; and (iv) all fees, costs and expenses associated with Seller or the Business obtaining any consents, approvals, authorizations, waivers or cooperation from any Governmental Entity or any other Person in connection with the consummation of the transactions contemplated hereby or by any of the other Transaction Documents, the purchase and sale of the Purchased Assets hereunder and the transfer to Buyer of the Purchased Assets.

“Permitted Liens” means: (i) Liens for or in respect of Taxes that are not yet due and payable or that are being contested in good faith by appropriate proceedings, as disclosed herein and for which adequate reserves have been established in accordance with GAAP; (ii) workers’, mechanics’, materialmen’s, repairmen’s, suppliers’, carriers’, tenants’, or similar Liens arising in the Ordinary Course of Business or by operation of law with respect to obligations that are not yet due or that are being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP; (iii) all covenants, conditions, restrictions (including any zoning, entitlement, conservation, restriction, and other land use and environmental regulations by Governmental Entities), easements, charges, rights-of-way, other Liens and other irregularities in title (including leasehold title) that do not impair in any material respect the use or value of the real property, leases, or leasehold estates affected thereby; (iv) liens of lessors under any leased real property that do not arise as a result of any default or breach or other error or omission and that do not materially impair the value of the property subject to such Liens or the use of such property in the Business; (v) all other Liens that do not materially impair the value of the property subject to such Liens or the use of such property in the Business; (vi) variations, if any, between tax lot lines and property lines; and (vii) those Liens set forth on Annex II attached hereto.

“Person” means an individual, corporation, partnership, joint venture, limited liability company, association, trust, unincorporated organization, Governmental Entity, or other entity.

“Personal Information” means any data or other information associated with an identified or identifiable individual, about or from an individual, including any personally identifiable data or information protected by or subject to any Privacy and Security Laws or contractual obligations, including but not limited to an individual’s name, physical address, email address, phone number, date of birth, financial account information, health information, credit card information, any medical, insurance or government identification numbers, and any device or online identifiers.

“Personal Information Breach” means any breaches of the security or privacy (including theft or unlawful, accidental, or unauthorized use, access, collection, processing, storage, disposal, destruction, transfer, disclosure, interruption, modification or other misuse) of Personal Information by any Person.

“Pre-Closing Tax Period” means any taxable period ending on or before the Closing Date and the portion of any Straddle Period ending on the Closing Date.

“Pre-Closing Taxes” means without duplication any (i) Liability (whether such Liability is direct or as a result of transferee or successor liability, joint and/or several liability, pursuant to a Contract or other agreement, pursuant to the filing of a Tax Return, pursuant to an adjustment by a Governmental Entity, or otherwise) for any Taxes or the nonpayment thereof (whether or not accrued, assessed or currently due and payable and in each case whether disputed or not) (1) of Seller (or any equityholder or Affiliate of Seller), or for which Seller (or any equityholder or Affiliate of Seller) is otherwise liable, for any taxable period, including all Taxes of any member of an affiliated, consolidated, combined, or unitary group of which Seller (or any predecessor thereof) is or was a member on or prior to the Closing Date, including pursuant to Section 1.1502-6 of the Treasury Regulations or any analogous or similar state, local, or foreign Law or regulation; (2) relating to the Excluded Assets or Excluded Liabilities for any taxable period; and (3) relating to the Purchased Assets, Business or the Assumed Liabilities for any Pre-Closing Tax Period; (ii) any Taxes resulting from any breach or inaccuracy of any of the representations set forth in Section 3.15(e) or Section 3.16 or any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in Section 6.4; and (iii) all Transfer Taxes required to be borne by Seller pursuant to Section 6.4(a).

“Privacy and Security Laws” means all Applicable Laws (relating to privacy, data security, data protection, data transfer, breach notification, telephone and text message communications, online tracking, and marketing by email or other changes, and the processing of Personal Information) in all relevant jurisdictions.

“Public Health Event” means any disease outbreak which resulted in an endemic, epidemic, pandemic or plague, regardless of stage, that occurs in one or more geographies in which the Business operates.

“Related Party” means (i) Seller, (ii) Affiliates of Seller, (iii) any officer or director of Seller, or (iv) any immediate family member of anyone in clause (iii).

“Release” means any release, spill, emission, emptying, escaping, discharge, leaking, pumping, pouring, injection, dumping, disposal leaching or migration into the environment (including, without limitation, soil, soil vapor, ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property, including the movement of Hazardous Materials through or in the air, soil, soil vapor, surface water, groundwater or property.

“Remedial Action” means any action required by any Governmental Entity or any Environmental Law (including any voluntary remedial action program) to reduce, eliminate, cleanup, remove, treat or in any other way address any current or potential future exposures caused by the presence of Hazardous Materials, including but not limited to: (a) performing studies, investigations, or monitoring with respect of any such Hazardous Materials; (b) cleanup, removal, treatment, encapsulation, stabilization, or remediation of any Hazardous Materials; or (c) prevention or mitigation of further releases of such Hazardous Materials.

“Representative” means, with respect to any Person, such Person’s Affiliates and the directors, officers, employees, agents, advisors, attorneys, accountants, consultants and representatives of such Person or of its Affiliates.

“Restricted Business” means the business of the provision, sale, marketing of retail title and closing services (including escrow services), including the marketing and servicing of the public and real estate community directly through branch offices and storefronts providing title, closing, and escrow services to consumers, mortgage lenders, and real estate brokers; provided, however, that Restricted Business does not include any Doma Permitted Business Activities.

“Seller Disclosure Schedule” means the disclosure schedule (including any attachments thereto) delivered by Seller to Buyer in connection with, and constituting a part of, this Agreement.

“Seller Fundamental Representations” means the representations and warranties contained in Section 3.1, clause (i) of Section 3.2(a), clause (i) of Section 3.2(c), Section 3.4 and Section 3.24.

“Seller Group Benefit Plan” means each Employee Benefit Plan that is sponsored, maintained, contributed to, or required to be contributed to, by Seller or any ERISA Affiliate of Seller, or with respect to which Seller or any ERISA Affiliate of Seller has any Liability.

“Seller Knowledge Schedule” means the knowledge schedule (including any attachments thereto) delivered by Seller to Buyer in connection with, and constituting a part of, this Agreement.

“Software” means any and all (i) computer software programs, systems, applications and code (including any and all software implementations of algorithms, models and methodologies, development and design tools, applets, compilers and assemblers), together with any error corrections, updates, modifications, or enhancements thereto, in both machine readable form and human readable form, including all firmware and all comments and any source, object and procedural code, and (ii) all documentation, other works of authorship and media relating to or embodying any of the foregoing.

“Specified Doma Corporate Employees” means the employees of Doma Corporate who will receive employment offers from Buyer, as set forth on Annex III attached hereto.

“Specified Retention Employees” means each of the employees set forth on Annex IV attached hereto.

“Specified Retention Weighting” means, with respect to each Specified Retention Employee, the amount set forth opposite such Specified Retention Employee’s name on Annex IV attached hereto under the heading “Weighting”.

“Straddle Period” means a taxable period that begins on or before the Closing Date and ends after the Closing Date.

“Subsidiary” means, with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (b) if a limited liability company, partnership, association, or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof, and for this purpose a Person owns a majority ownership interest in such a business entity (other than a corporation) if such Person shall be allocated a majority of such business entity’s gains or losses or shall be or controls any managing director or general partner of such business entity (other than a corporation). The term “Subsidiary” shall include all Subsidiaries of such Subsidiary.

“Tax” or “Taxes” means (i) any federal, state, local, or municipal, or non-U.S. income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, real property gains, registration, unclaimed property or abandoned property or escheat, value added, excise, natural resources, net investment income, severance, stamp, occupation, windfall or other profits, environmental, customs, duties, real property, personal property, capital stock, social security (or similar), unemployment, disability, payroll, license, employee, withholding, premium, ad valorem, intangible, recording, proceeds, lease, goods and services, interest equalization, turnover, healthcare (whether or not considered a tax under Applicable Law), branch, capital gains, capital, net worth, production, employer health, government pension plan premiums and contributions, workers’ compensation premiums, employment/unemployment insurance or compensation premiums and contributions, or other tax, duty or other governmental charge or assessment of any kind whatsoever or deficiencies thereof, including any interest, penalties or additions to tax in respect of the foregoing, in each case whether disputed or not, and (ii) any liability for the payment of any amounts of the type described in clause (i) of this definition as a result of being a member of an affiliated, consolidated, combined or unitary group for any period, as a result of any tax sharing or tax allocation agreement or arrangement, or as a result of being liable for another Person’s taxes as a transferee or successor, by contract or otherwise.

“Tax Return” means any report, form, estimate, extension request, information statement, claim for refund, or return filed or required to be filed with a Taxing Authority in connection with, any Tax, including any schedule or attachment thereto, and any amendment thereof.

“Taxing Authority” means any Governmental Entity responsible for the imposition or collection of any Tax.

“Third Party” means any Person that is not (i) a Party or (ii) an Affiliate of a Party.

“Third Party Claim” means any claim, action, suit, or proceeding made or brought by any Person that is not a party to this Agreement or an Affiliate thereof.

“Title Plants” means, collectively: (i) Joint Plant of Marin County, LLC, a California limited liability company; (ii) Joint Plant of San Mateo County II, LLC, a California limited liability company; (iii) Joint Title Plant of Santa Clara County, LLC, a California limited liability company; and (iv) Computerized Title Records of Sonoma County LLC, a California limited liability company.

“Trade Names” means in any and all jurisdictions worldwide (whether or not capable of registration, registered, or not registered), all trademarks, service marks, trade names, brand names, trade dress, slogans, logos, corporate names and other indicia of origin or other business identifiers (including “doing business as” names), together with the goodwill associated with any of the foregoing, and all applications, registrations, renewals and extensions thereof.

“Transaction Documents” means any Contract that is to be entered into between the Parties at the Closing or otherwise pursuant to this Agreement on or prior to the Closing Date, including any such Contract listed in Section 2.2 and Section 2.3.

“Unused Retention Pool” means the aggregate amount of the retention bonuses payable to the individuals identified on Annex V attached hereto that are (i) forfeited by the applicable Continuing Employee pursuant to the terms of such Continuing Employee’s retention bonus agreement, employment agreement or other Contract with Buyer or an Affiliate of Buyer with Buyer or an Affiliate of Buyer prior to the Deferred Payment Measurement Date or (ii) not the subject of a retention bonus agreement, employment agreement or other Contract with Buyer or an Affiliate of Buyer entered into between a Continuing Employee and Buyer or an Affiliate of Buyer prior to the Deferred Payment Measurement Date; provided, however, that in no event shall the “Unused Retention Pool” exceed three million five hundred thousand dollars (\$3,500,000).

“Working Capital” means the Current Assets minus the Current Liabilities, as of the Closing, calculated in accordance with GAAP.

“Working Capital Target” means an amount equal to zero dollars (\$0).

In addition, the following terms shall have the respective meanings set forth in the following sections of this Agreement:

<u>Term</u>	<u>Section Reference</u>
Agreed Amount	9.6(e)
Agreement	Preamble
Assigned Contracts	1.1(c)
Assumed Liabilities	1.3(a)
Balance Sheet	3.8(a)
Bank Statements	3.12
Bill of Sale and Assignment and Assumption Agreement	2.2(a)
Business	Recitals
Buyer	Preamble
Buyer Indemnified Persons	9.2
Buyer Insurance Subsidiary	4.7(a)

Buyer Permits	4.7(a)
Cash Purchase Price	1.4
Claim	9.6(b)
Claimed Amount	9.6(b)
Claim Notice	9.6(b)
Closing	2.1
Closing Date	Preamble
Closing Payment	1.5(b)
Closing Statement	1.6(b)(i)
Closing Statement Objection Notice	1.6(b)(ii)
Closing Statement Review Period	1.6(b)(ii)
Closing Working Capital	1.6(b)(i)
Confidentiality Agreement	6.3(a)
Confidential Information	6.3(b)
Contested Amount	9.6(c)
Contested Claim	9.6(c)
Continuing Employees	6.7(a)
Deductible	9.4(a)
Deferred Payment Measurement Date	1.7(a)
Deferred Payment Statement	1.7(a)1.7(b)
Deferred Payment Statement Objection Notice	1.7(b)
Deferred Payment Statement Review Period	1.7(b)
Dispute/Disputes	10.8(a)
Dispute Notice	10.8(b)
Doma Corporate	Preamble
Electronic Signature	10.14
Employment Agreements	2.2(i)
Employment Date	6.7(a)
Enforceability Exceptions	3.1(c)
Escrow Account	1.5(a)
Estimated Closing Statement	1.6(a)(i)
Estimated Working Capital	1.6(a)(i)
Excluded Assets	1.2
Excluded Liability/Excluded Liabilities	1.3(b)
Financial Statements	3.8(a)
Indemnification Cap	9.4(a)
Independent Accounting Firm	1.6(b)(ii)
Instant Underwriting Technologies	Recitals
Insurance Policies	3.22
Intellectual Property	3.13(a)
Intellectual Proprietary Rights	3.13(a)
JAMS	10.8(c)
JAMS Rules	10.8(e)
[EE1] Employment Agreement	2.2(h)
NWC Shortfall	1.6(c)(ii)
[EE2] Employment Agreement	2.2(i)
Party/Parties	Preamble

Pending Title File/Pending Title Files	1.1(a)
Pending Title Files Revenues	1.1(a)
Permits	3.14(b)
Preliminary Purchase Price	1.5
Privacy and Security Requirements	3.13(b)
Purchased Assets	1.1
Purchase Price	1.4
Purchase Price Allocation	6.4(b)
Real Property	3.17(b)
Recovery Costs	9.5
Related Party Agreement	3.20(a)
Remaining Title Plant Interests	6.8
Request for Meditation	10.8(c)
Response Notice	9.6(c)
Restricted Party/Restricted Parties	6.3(b)
Seller	Preamble
Seller Indemnified Persons	9.3
Stipulated Amount	9.6(f)
Tax Representations	9.1
title insurance products and related services	Recitals
Transfer Taxes	6.4(a)
Transition Services Agreement	2.2(c)
UFTA	3.19

EXHIBIT B

Form of Escrow Agreement

ANNEX III

Specified Doma Corporate Employees

ANNEX IV

Specified Retention Employees

ANNEX V Retention Pool

SELLER KNOWLEDGE SCHEDULE

BUYER KNOWLEDGE SCHEDULE

Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Max Simkoff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Doma 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.

August 8, 2023

By: /s/ Max Simkoff
Max Simkoff
Chief Executive Officer
(Principal Executive Officer)

Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Mike Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Doma 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.

August 8, 2023

By: /s/ Mike Smith

Mike Smith

Chief Financial Officer

(Principal Financial Officer &

Principal Accounting Officer)

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Doma Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Max Simkoff, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

August 8, 2023

By: /s/ Max Simkoff
Max Simkoff
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Doma Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mike Smith, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

August 8, 2023

By: /s/ Mike Smith

Mike Smith

Chief Financial Officer

(Principal Financial Officer &

Principal Accounting Officer)