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 March 31, 2023

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ____ to ____

Commission file number 001-39754

Doma Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**84-1956909**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
101 Mission Street, Suite 1050 **San Francisco, California**	**94105**
(Address of Principal Executive Offices)	(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, each whole warrant exercisable for one share of common stock at an exercise price of $11.50 per share	DOMA.WS	The New York Stock Exchange

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

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

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

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

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

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

The registrant had outstanding 333,061,830 shares of common stock as of May 5, 2023.

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 of COVID-19 on our business;
  - 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)	March 31, 2023	December 31, 2022
Assets		
Cash and cash equivalents	$ 81,330	$ 78,450
Restricted cash	2,888	2,933
Investments:		
Fixed maturities		
Held-to-maturity debt securities, at amortized cost (net of allowance for credit losses of $298 at March 31, 2023 and $440 at December 31, 2022)	61,841	90,328
Available-for-sale debt securities, at fair value (amortized cost $59,395 at March 31, 2023 and $59,191 at December 31, 2022)	58,792	58,254
Mortgage loans	47	297
Total investments	$ 120,680	$ 148,879
Receivables (net of allowance for credit losses of $1,463 at March 31, 2023 and $1,488 at December 31, 2022)	9,458	21,292
Prepaid expenses, deposits and other assets	6,943	8,124
Lease right-of-use assets	17,697	18,634
Fixed assets (net of accumulated depreciation of $26,622 at March 31, 2023 and $24,532 at December 31, 2022)	38,410	39,383
Title plants	14,533	14,533
Goodwill	46,280	46,280
Total assets	$ 338,219	$ 378,508
Liabilities and stockholders' equity		
Accounts payable	$ 2,916	$ 2,909
Accrued expenses and other liabilities	23,099	28,892
Lease liabilities	26,043	27,489
Senior secured credit agreement, net of debt issuance costs and original issue discount	158,211	154,790
Liability for loss and loss adjustment expenses	81,517	82,070
Warrant liabilities	347	347
Sponsor Covered Shares liability	204	219
Total liabilities	$ 292,337	$ 296,716
Commitments and contingencies (see Note 12)		
Stockholders' equity:		
Common stock, 0.0001 par value; 2,000,000,000 shares authorized at March 31, 2023; 330,484,417 and 329,147,979 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	$ 33	$ 33
Additional paid-in capital	583,362	577,483
Accumulated deficit	(536,910)	(494,787)
Accumulated other comprehensive income	(603)	(937)
Total stockholders' equity	$ 45,882	$ 81,792
Total liabilities and stockholders' equity	$ 338,219	$ 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 March 31, 2023	Three months ended March 31, 2022
Revenues:		
Net premiums written [(1)]	$ 66,770	$ 95,666
Escrow, other title-related fees and other	6,598	16,113
Investment, dividend and other income	1,000	428
Total revenues	$ 74,368	$ 112,207
Expenses:		
Premiums retained by Third-Party Agents [(2)]	$ 49,184	$ 60,602
Title examination expense	2,000	5,981
Provision for claims	3,959	4,611
Personnel costs	40,569	77,793
Other operating expenses	15,439	22,754
Long-lived asset impairment	181	—
Total operating expenses	$ 111,332	$ 171,741
Loss from operations	$ (36,964)	$ (59,534)
Other (expense) income:		
Change in fair value of Warrant and Sponsor Covered Shares liabilities	15	13,900
Interest expense	(4,989)	(4,207)
Loss before income taxes	$ (41,938)	$ (49,841)
Income tax expense	(185)	(185)
Net loss	$ (42,123)	$ (50,026)
Earnings per share:		
Net loss per share attributable to stockholders - basic and diluted	$ (0.13)	$ (0.15)
Weighted average shares outstanding common stock - basic and diluted	329,894,708	323,890,562

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 $30.0 million and $27.7 million during the three months ended March 31, 2023 and 2022, respectively (see Note 11).
(2) Premiums retained by Third-Party Agents includes expenses associated with a related party of $24.1 million and $22.5 million during the three months ended March 31, 2023 and 2022, respectively (see Note 11).

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

	Three months ended March 31,	
(In thousands)	**2023**	**2022**
Net loss	$ (42,123)	$ (50,026)
Other comprehensive loss, net of tax:		
Unrealized gain on available-for-sale debt securities, net of tax	334	—
Comprehensive loss	$ (41,789)	$ (50,026)

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)

(In thousands, except share information)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
Balance, January 1, 2022	323,347,806	$ 33	$ 543,070	$ (192,179)	$ —	$ 350,924
Exercise of stock options	957,648	—	(97)	—	—	(97)
Vesting of RSU awards	42,800	—	—	—	—	—
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	324,348,254	$ 33	$ 554,552	$ (242,604)	$ —	$ 311,981

(In thousands, except share information)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
Balance, January 1, 2023	329,147,979	$ 33	$ 577,483	$ (494,787)	$ (937)	$ 81,792
Exercise of stock options	402,992	—	182	—	—	182
Vesting of RSU awards	933,446	—	—	—	—	—
Stock-based compensation expense	—	—	5,697	—	—	5,697
Net loss	—	—	—	(42,123)	—	(42,123)
Other comprehensive income	—	—	—	—	334	334
Balance, March 31, 2023	330,484,417	$ 33	$ 583,362	$ (536,910)	$ (603)	$ 45,882

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

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

(In thousands)	Three months ended March 31, 2023	2022
Cash flow from operating activities:		
Net loss	$ (42,123)	$ (50,026)
Adjustments to reconcile net loss to net cash used in operating activities:		
Interest expense - paid in kind	2,604	2,448
Depreciation and amortization	3,075	3,236
Stock-based compensation expense	5,697	11,579
Amortization of debt issuance costs and original issue discount	816	641
Provision for doubtful accounts	(86)	218
Deferred income taxes	147	147
Realized gain on debt securities	—	(5)
Loss on disposal of fixed assets and title plants	584	44
Net amortization of premiums and accretion of discounts on fixed maturity securities	(348)	289
Change in fair value of Warrant and Sponsor Covered Shares liabilities	(15)	(13,900)
Long-lived asset impairment	181	—
Change in operating assets and liabilities:		
Accounts receivable	11,583	2,642
Prepaid expenses, deposits and other assets	1,182	3,873
Lease right-of-use assets and lease liabilities	(698)	394
Accounts payable	7	(3,037)
Accrued expenses and other liabilities	(5,930)	(17,279)
Liability for loss and loss adjustments expenses	(554)	2,267
Net cash used in operating activities	$ (23,878)	$ (56,469)
Cash flow from investing activities:		
Proceeds from calls and maturities of investments: Held-to-maturity	$ 64,519	$ 6,185
Proceeds from sales and principal repayments of investments: Mortgage loans	250	882
Purchases of investments: Held-to-maturity	(35,746)	(2,104)
Proceeds from sales of fixed assets	82	—
Purchases of fixed assets	(2,768)	(10,129)
Proceeds from sale of title plants and dividends from title plants	194	124
Net cash provided by (used in) investing activities	$ 26,531	$ (5,042)
Cash flow from financing activities:		
Exercise of stock options	182	(97)
Net cash provided by (used in) financing activities	$ 182	$ (97)
Net change in cash and cash equivalents and restricted cash	2,835	(61,608)
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	$ 84,218	$ 322,220
Supplemental cash flow disclosures:		
Cash paid for interest	$ 2,084	$ 1,958
Supplemental disclosure of non-cash investing activities:		
Unrealized gain on available-for-sale debt securities	$ 334	$ —

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 March 31, 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 months ended March 31, 2023 and 2022 and the condensed consolidated statements of cash flows for the three months ended March 31, 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 March 31, 2023 and its results of operations, including its comprehensive loss, and stockholders' equity for the three months ended March 31, 2023 and 2022 and cash flows for the three months ended March 31, 2023 and 2022. All adjustments are of a normal recurring nature. The results for the three months ended March 31, 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.

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).

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 months ended March 31, 2023 and 2022.

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 months ended March 31, 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 March 31,	
	2023	2022
Gross premiums earned	66,915	97,242
Ceded premiums	(145)	(1,576)
Net premiums earned	66,770	95,666
Percentage of amount assumed to net	99.8 %	98.4 %

Income taxes

Our effective tax rate for the three months ended March 31, 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 March 31, 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 March 31, 2023 and December 31, 2022 of $0.3 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 March 31, 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 March 31, 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, 1,325,664 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 March 31, 2023, there were 330,484,417 and 0 shares of common stock and preferred stock issued and outstanding, which excludes the 1,325,664 of Sponsor Covered Shares.

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 each whole warrant entitles the holder to purchase one share of our common stock at a price of $11.50 (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 $15.00 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 $17.50 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 March 31, 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 $15.00 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 $17.50 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 March 31, 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 March 31, 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.

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 March 31, 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.

Accumulated impairment losses to goodwill were $65.2 million as of March 31, 2023, resulting in net goodwill on the condensed consolidated balance sheet of $46.3 million.

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:

	March 31, 2023				December 31, 2022			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Corporate debt securities[1]	$ 45,521	$ 1	$ (1,212)	$ 44,310	$ 61,308	$ 5	$ (1,640)	$ 59,673
U.S. Treasury securities	16,181	—	(64)	16,117	24,152	—	(165)	23,987
Foreign government securities	—	—	—	—	5,003	—	(4)	4,999
Certificates of deposit	437	—	—	437	305	—	—	305
Total	$ 62,139	$ 1	$ (1,276)	$ 60,864	$ 90,768	$ 5	$ (1,809)	$ 88,964

(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 $4.8 million and $5.9 million were on deposit with various governmental authorities at March 31, 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 three months ended March 31, 2023 and 2022 was $0.5 million and $(1.2) 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:

	March 31, 2023			
Maturity	Amortized Cost	% of Total	Fair Value	% of Total
One year or less	$ 46,114	74 %	$ 45,808	75 %
After one year through five years	16,025	26 %	15,056	25 %
Total	$ 62,139	100 %	$ 60,864	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:

	March 31, 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	$ 16,154	$ 11,956	$ —	$ 28,110	$ 48,798	$ 19,834	$ 4,999	$ 73,631
Unrealized losses	$ (17)	$ (37)	$ —	$ (54)	$ (614)	$ (101)	$ (4)	$ (719)
Greater than 12 months								
Fair value	$ 22,566	$ 3,169	$ —	$ 25,735	$ 8,546	$ 4,125	$ —	$ 12,671
Unrealized losses	$ (1,195)	$ (27)	$ —	$ (1,222)	$ (1,026)	$ (64)	$ —	$ (1,090)
Total								
Fair value	$ 38,720	$ 15,125	$ —	$ 53,845	$ 57,344	$ 23,959	$ 4,999	$ 86,302
Unrealized losses	$ (1,212)	$ (64)	$ —	$ (1,276)	$ (1,640)	$ (165)	$ (4)	$ (1,809)

We believe that any unrealized losses on our held-to-maturity debt securities at March 31, 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 March 31, 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		(142)
Write-off charged against the allowance, if any		—
Recoveries of amounts previously written off, if any		—
Ending balance of the allowance for credit losses, March 31, 2023	$	298

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		(17)
Write-off charged against the allowance, if any		—
Recoveries of amounts previously written off, if any		—
Ending balance of the allowance for credit losses, March 31, 2022	$	382

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:

	March 31, 2023				December 31, 2022			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Corporate debt securities[1]	$ 27,347	$ 27	$ (224)	$ 27,150	$ 27,251	$ —	$ (363)	$ 26,888
U.S. Treasury securities	30,568	5	(392)	30,181	30,467	—	(544)	29,923
Foreign government securities	1,480	—	(19)	1,461	1,473	—	(30)	1,443
Total	$ 59,395	$ 32	$ (635)	$ 58,792	$ 59,191	$ —	$ (937)	$ 58,254

(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 three months ended March 31, 2023 and 2022 was $0.3 million and $0.0 million, respectively. Any unrealized holding gains or losses on available-for-sale debt securities as of March 31, 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:

	March 31, 2023			
Maturity	Amortized Cost	% of Total	Fair Value	% of Total
One year or less	$ 7,743	13 %	$ 7,641	13 %
After one year through five years	51,652	87 %	51,151	87 %
Total	$ 59,395	100 %	$ 58,792	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:

	March 31, 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	$ 20,394	$ 28,239	$ 1,461	$ 50,094	$ 26,886	$ 29,923	$ 1,444	$ 58,253
Unrealized losses	$ (224)	$ (392)	$ (19)	$ (635)	$ (363)	$ (544)	$ (30)	$ (937)
Greater than 12 months								
Fair value	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Unrealized losses	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total								
Fair value	$ 20,394	$ 28,239	$ 1,461	$ 50,094	$ 26,886	$ 29,923	$ 1,444	$ 58,253
Unrealized losses	$ (224)	$ (392)	$ (19)	$ (635)	$ (363)	$ (544)	$ (30)	$ (937)

We believe that any unrealized losses on our available-for-sale debt securities at March 31, 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 March 31, 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 March 31, 2023 is comprised entirely of single-family residential mortgage loans. During the three months ended March 31, 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 three months ended March 31, 2023 was the result of principal prepayments and maturities.

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

	March 31, 2023		December 31, 2022	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
Mortgage loans	$ 47	$ 47	$ 297	$ 297
Total	$ 47	$ 47	$ 297	$ 297

Investment income

Investment income from securities consists of the following:

	Three months ended March 31,	
	2023	2022
Available-for-sale debt securities	$ 530	$ —
Held-to-maturity debt securities	757	389
Mortgage loans	4	22
Other	196	44
Total	$ 1,487	$ 455

Accrued interest receivable

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

	March 31, 2023	December 31, 2022
Corporate debt securities	$ 440	$ 834
U.S. Treasury securities	205	281
Foreign government securities	10	42
Accrued interest receivable on investment securities	$ 655	$ 1,157
Mortgage loans	—	—
Accrued interest receivable on investments	$ 655	$ 1,157

The Company does not recognize an allowance for credit losses for accrued interest receivable, which is recorded in the 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							
	March 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Held-to-maturity:								
Corporate debt securities	$ —	$ 44,310	$ —	$ 44,310	$ —	$ 59,673	$ —	$ 59,67
U.S. Treasury securities	16,117	—	—	16,117	23,987	—	—	23,98
Foreign government securities	—	—	—	—	—	4,999	—	4,99
Certificate of deposits	—	437	—	437	—	305	—	30
Total held-to-maturity debt securities	$ 16,117	$ 44,747	$ —	$ 60,864	$ 23,987	$ 64,977	$ —	$ 88,96
Available-for-sale:								
Corporate debt securities	$ —	$ 27,150	$ —	$ 27,150	$ —	$ 26,888	$ —	$ 26,88
U.S. Treasury securities	30,181	—	—	30,181	29,923	—	—	29,92
Foreign government securities	—	1,461	—	1,461	—	1,443	—	1,44
Total available-for-sale debt securities	$ 30,181	$ 28,611	$ —	$ 58,792	$ 29,923	$ 28,331	$ —	$ 58,25
Mortgage loans	$ —	$ —	$ 47	$ 47	$ —	$ —	$ 297	$ 29
Total	$ 46,298	$ 73,358	$ 47	$ 119,703	$ 53,910	$ 93,308	$ 297	$ 147,51

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							
	March 31, 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	—	—	204	204	—	—	219	219
Total	$ 230	$ 117	$ 204	$ 551	$ 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. 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:

	March 31, 2023
Current stock price	$ 0.41
Expected volatility	65.0 %
Risk-free interest rate	3.55 %
Expected term (years)	8.4
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	(15)
Fair value as of March 31, 2023	$ 204

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

Cash and cash equivalents, restricted cash, 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 March 31, 2023 Total Revenue	Three months ended March 31, 2022 Total Revenue
Revenue from insurance contracts:				
Direct Agents title insurance premiums	Net premiums written	Underwriting	$ 6,915	$ 22,413
Third-Party Agent title insurance premiums	Net premiums written	Underwriting	59,855	73,253
Total revenue from insurance contracts			$ 66,770	$ 95,666
Revenue from contracts with customers:				
Escrow fees	Escrow, title-related and other fees	Distribution	$ 4,175	$ 11,832
Other title-related fees and income	Escrow, title-related and other fees	Distribution	7,695	22,448
Other title-related fees and income	Escrow, title-related and other fees	Underwriting	565	803
Other title-related fees and income	Escrow, title-related and other fees	Elimination[1]	(5,837)	(18,970)
Total revenue from contracts with customers			$ 6,598	$ 16,113
Other revenue:				
Interest and investment income [2]	Investment, dividend and other income	Distribution	$ 523	$ 41
Interest and investment income [2]	Investment, dividend and other income	Underwriting	919	410
Realized gains and losses, net	Investment, dividend and other income	Distribution	(440)	(27)
Realized gains and losses, net	Investment, dividend and other income	Underwriting	(2)	4
Total other revenues			$ 1,000	$ 428
Total revenues			$ 74,368	$ 112,207

(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 three months ending March 31, 2023 and 2022 is as follows:

	March 31,	
	2023	2022
Balance at the beginning of the year	$ 82,070	$ 80,267
Provision for claims related to:		
Current year	$ 2,869	$ 5,656
Prior years	1,090	(1,045)
Total provision for claims	$ 3,959	$ 4,611
Paid losses related to:		
Current year	$ (149)	$ (548)
Prior years	(4,363)	(1,796)
Total paid losses	$ (4,512)	$ (2,344)
Balance at the end of the period	$ 81,517	$ 82,534
Provision for claims as a percentage of net written premiums	5.9 %	4.8 %

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 three months ended March 31, 2023, the prior year's provision for claims increase of $1.1 million is due to reported loss emergence which was higher than expected, primarily from the 2016, 2019 and 2022 policy years. This was the result of a small number of more severe claims reported in 2023, most of which related to escrow or agent 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 three months ended March 31, 2022, the provision for claims reserve release related to prior years of $1.0 million is due to reported loss emergence which was lower than expected. This has resulted in a decrease in the projection of ultimate loss for policy years 2018-2020 at that time. 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 three months ended March 31, 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.

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

The liability for loss and loss adjustment expenses of $81.5 million and $82.1 million, as of March 31, 2023 and December 31, 2022, respectively, includes $0.7 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 79-branch footprint across eight states as of March 31, 2023 ("Local") and our partnerships with national lenders and mortgage originators that maintain centralized lending operations representing our Doma Enterprise accounts ("Doma Enterprise").

- 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, 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 March 31, 2023			
	Distribution	**Underwriting**	**Eliminations**	**Consolidated total**
Net premiums written	$ —	$ 66,770	$ —	$ 66,770
Escrow, other title-related fees and other [1]	11,870	565	(5,837)	6,598
Investment, dividend and other income	83	917	—	1,000
Total revenue	$ 11,953	$ 68,252	$ (5,837)	$ 74,368
Premiums retained by agents [2]	$ —	$ 55,021	$ (5,837)	$ 49,184
Direct labor [3]	10,050	2,887	—	12,937
Other direct costs [4]	2,012	1,805	—	3,817
Provision for claims	799	3,160	—	3,959
Adjusted gross profit	$ (908)	$ 5,379	$ —	$ 4,471

	Three months ended March 31, 2022			
	Distribution	Underwriting	Eliminations	Consolidated total
Net premiums written	$ —	$ 95,666	$ —	$ 95,666
Escrow, other title-related fees and other [(1)]	34,280	803	(18,970)	16,113
Investment, dividend and other income	14	414	—	428
Total revenue	$ 34,294	$ 96,883	$ (18,970)	$ 112,207
Premiums retained by agents [(2)]	$ —	$ 79,572	$ (18,970)	$ 60,602
Direct labor [(3)]	25,553	2,245	—	27,798
Other direct costs [(4)]	6,059	2,767	—	8,826
Provision for claims	599	4,012	—	4,611
Adjusted gross profit	$ 2,083	$ 8,287	$ —	$ 10,370

(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 March 31,	
	2023	2022
Adjusted gross profit	$ 4,471	$ 10,370
Depreciation and amortization	3,075	3,236
Corporate and other expenses [(1)]	38,179	66,668
Long-lived asset impairment	181	—
Change in fair value of Warrant and Sponsor Covered Shares liabilities	(15)	(13,900)
Interest expense	4,989	4,207
Loss before income taxes	$ (41,938)	$ (49,841)

(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 March 31, 2023 and December 31, 2022 the Distribution segment had allocated goodwill of $22.9 million, 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 months ended March 31, 2023 and 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 4.2 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 March 31, 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.

The estimated fair value of the Senior Debt at March 31, 2023 was $163.4 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 $5.00, $7.50, and $10.00 during a performance period of 4 years. The maximum number of shares that can be earned under the market-based awards is 2,435,325 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.

Stock-based compensation expense for the three months ended March 31, 2023 and 2022 was $5.7 million and $11.4 million, respectively.

Stock options (ISO and NSO)

During the three months ended March 31, 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	17,590,528	$ 0.58	6.74	$ 191
Granted	—	—	0	
Exercised	(400,962)	0.59	1.25	
Cancelled or forfeited	(637,049)	0.67	0.03	
Outstanding as of March 31, 2023	16,552,517	$ 0.57	5.70	$ 151
Options exercisable as of March 31, 2023	13,651,385	$ 0.55	5.32	$ 151

As of March 31, 2023, there was $7.9 million of stock-based compensation expense that had yet to be recognized related to nonvested stock option grants.

RSAs, RSUs and PRSUs

During the three months ended March 31, 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	40,491,749	$ 1.87
Granted	318,547	0.57
Vested	(4,372,246)	2.43
Adjustment for PRSUs expected to vest	—	—
Cancelled or Forfeited	(2,993,616)	2.83
Non-vested at March 31, 2023	33,444,434	$ 1.70

As of March 31, 2023, there was $53.8 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	$ 0.92
Expected volatility	75.0 %
Risk-free interest rate	3.14 %
Current expected term	3.9
Expected dividend yield	— %

During the three months ended March 31, 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	2,435,325	$ 0.32
Granted	—	—
Vested	—	—
Cancelled or Forfeited	—	—
Non-vested at March 31, 2023	2,435,325	$ 0.32

As of March 31, 2023, there was $0.6 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 March 31,	
	2023	2022
Numerator		
Net loss attributable to Doma Holdings, Inc.	$ (42,123)	$ (50,026)
Denominator		
Weighted-average common shares – basic and diluted	329,894,708	323,890,562
Net loss per share attributable to stockholders		
Basic and diluted	$ (0.13)	$ (0.15)

As we have reported net loss for each of the periods presented, all potentially dilutive securities are antidilutive. As of March 31, 2023 and 2022, 87,885,592 and 88,484,825, respectively, of 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 including them would have been antidilutive.

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 March 31, 2023, Lennar, through its subsidiaries, held 24.9% 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 March 31,	
	2023	2022
Revenues	$ 29,978	$ 27,668
Premiums retained by Third-Party Agents	24,095	22,460

	March 31, 2023	December 31, 2022
Net receivables	$ 3,351	$ 4,175

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

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 $94.0 million and $77.4 million at March 31, 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:

	March 31, 2023	December 31, 2022
Employee benefits	$ 6,156	$ 7,140
Severance	2,483	5,749
Contract terminations	3,786	5,248
Premium taxes	769	3,862
Employee compensation	5,196	3,380
Other	4,709	3,513
Total accrued expenses and other liabilities	$ 23,099	$ 28,892

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 execution of the Reduction Plans, including cash payments, is expected to be substantially complete as of June 30, 2023.

Liabilities associated with the Reduction Plans are included in accrued expenses and other liabilities in the condensed consolidated balance sheet as of March 31, 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]		6,420
Payments and other adjustments		(9,686)
Balance as of March 31, 2023	$	2,483

(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 months ended March 31, 2023, forfeited stock-based compensation associated with the Reduction Plans was $0.8 million. 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 March 31, 2023 and 2022, respectively. As of March 31, 2023, total accrued liabilities related to these accelerated contract charges were $3.8 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 March 31, 2023 and 2022, the Company made contributions for the benefit of employees of $0.7 million and $1.2 million, respectively, to the Retirement Savings Plan.

15. Research and development

For the three months ended March 31, 2023 and 2022, the Company recorded the following related to research and development expenses and capitalized internally developed software costs:

	Three Months Ended March 31,			
	2023		2022	
Research and development expenses incurred	$	1,227	$	5,603
Capitalized internally developed software costs		2,659		8,352
Research and development spend, inclusive of capitalized internally developed software cost	$	3,886	$	13,955

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 11,500,000 shares of our common stock and Private Placement Warrants to purchase an aggregate of 5,833,333 shares of our common stock. Each whole Warrant entitles the holder to purchase one share of common stock at a price of $11.50.

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 $18.00

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 $18.00 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 $10.00

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 $10.00 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 $18.00 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 0.361 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 17,333,333 shares of common stock issuable upon the exercise of the Warrants. As of March 31, 2023 and December 31, 2022, the aggregate values of the Public Warrants were $0.2 million representing Public Warrants outstanding to purchase 11,500,000 shares of our common stock. As of March 31, 2023 and December 31, 2022, the aggregate values of the Private Warrants were $0.1 million representing Private Warrants outstanding to purchase 5,833,333 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 March 31, 2023, we have leases with remaining terms of 30 days to 6.5 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:

	Three Months Ended March 31,	
	2023	2022
Components of lease expense:		
Operating lease expense	$ 2,355	$ 2,972
Less sublease income	(37)	(89)
Net lease expense	2,318	2,883
Cash flow information related to leases:		
Operating cash outflow from operating leases during the three months ended March 31, 2023 and 2022	$ 3,065	$ 2,774

	March 31, 2023	March 31, 2022
Right-of-use assets obtained during the three months ended March 31, 2023 and 2022 in exchange for new operating lease liabilities	$ 712	4,676
Weighted average remaining lease term	3.87 years	4.57 years
Weighted average discount rate	10 %	10 %

Maturities of lease liabilities:	March 31, 2023
2023	$ 7,309
2024	8,562
2025	6,445
2026	4,667
2027	3,231
Thereafter	1,304
Total lease payments	31,518
Less imputed interest	(5,475)
Lease liabilities	$ 26,043

During the three months ended March 31, 2023, the Company recorded a $0.2 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 March 31, 2022.

18. Subsequent events

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.

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 March 31, 2023 and 2022 and for the three months ended March 31, 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 79-branch footprint across eight states as of March 31, 2023. For the quarter ended March 31, 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.

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.

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 75 basis points. Average interest rates for a 30-year fixed rate mortgage rose to 6.42% as of March 2023 as compared to 4.17% 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.

New York Stock Exchange Notice on Continued Listing Standards

On August 1, 2022, we received notice from the New York Stock Exchange (the "NYSE") that we were no longer in compliance with the NYSE continued listing standards, set forth in Section 802.01C of the NYSE's Listed Company Manual ("Section 802.01C") because the average closing price of our common stock was less than $1.00 per share over a consecutive 30 trading-day period. Pursuant to Section 802.01C, the company had a period of six months following the receipt of the notice to regain compliance with the minimum share price requirement. The company would have regained compliance at any time during the six-month cure period if on the last trading day of any calendar month during the cure period the common stock has a closing share price of at least $1.00 and an average closing share price of at least $1.00 over the 30 trading-day period ending on the last trading day of that month. The Company was unable to regain compliance with the $1.00 share price rule within this period, however, Section 802.01C also provides for an exception to the six-month cure period if the action required to cure the price condition requires stockholder approval, as would be the case to effectuate a reverse stock split, in which case the action needs to be approved by no later than the company's next annual stockholder's meeting, and the price condition will be deemed cured if the price of the common stock promptly exceeds $1.00 per share and the price remains above that level for at least the following 30 trading days.

The company intends to regain compliance with the requirements of Section 802.01C by implementing a reverse stock split, subject to approval by the company's (i) board of directors and (ii) stockholders at the next annual meeting of stockholders, as permitted in Section 802.01C. However, there can be no assurances that the Company will meet continued listing standards within the specified cure period.

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 March 31,	
	2023	2022
	(in thousands, except for open and closed order numbers)	
Key operating data:		
Opened orders	9,940	35,192
Closed orders	6,280	27,347
GAAP financial data:		
Revenue [(1)]	$ 74,368	$ 112,207
Gross profit [(2)]	$ 1,396	$ 7,134
Net loss	$ (42,123)	$ (50,026)
Non-GAAP financial data [(3)]:		
Retained premiums and fees	$ 25,184	$ 51,605
Adjusted gross profit	$ 4,471	$ 10,370
Ratio of adjusted gross profit to retained premiums and fees	18 %	20 %
Adjusted EBITDA	$ (21,591)	$ (44,905)

(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 and the change in fair value of Warrant and Sponsor Covered Shares liabilities. 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 months ended March 31, 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 internally developed software, 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.

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.

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 Months Ended March 31, 2023 Compared to the Three Months Ended March 31, 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 March 31,			
	2023	2022	$ Change	% Change
	(in thousands, except percentages)			
Revenues:				
Net premiums written	$ 66,770	$ 95,666	$ (28,896)	(30)%
Escrow, other title-related fees and other	6,598	16,113	(9,515)	(59)%
Investment, dividend and other income	1,000	428	572	134 %
Total revenues	$ 74,368	$ 112,207	$ (37,839)	(34)%
Expenses:				
Premiums retained by Third-Party Agents	$ 49,184	$ 60,602	$ (11,418)	(19)%
Title examination expense	2,000	5,981	(3,981)	(67)%
Provision for claims	3,959	4,611	(652)	(14)%
Personnel costs	40,569	77,793	(37,224)	(48)%
Other operating expenses	15,439	22,754	(7,315)	(32)%
Long-lived asset impairment	181	—	181	*
Total operating expenses	$ 111,332	$ 171,741	$ (60,409)	(35)%
Loss from operations	(36,964)	(59,534)	22,570	(38)%
Other (expense) income:				
Change in fair value of Warrant and Sponsor Covered Shares liabilities	15	13,900	(13,885)	(100)%
Interest expense	(4,989)	(4,207)	(782)	19 %
Loss before income taxes	(41,938)	(49,841)	7,903	(16)%
Income tax expense	(185)	(185)	—	— %
Net loss	$ (42,123)	$ (50,026)	$ 7,903	(16)%

* = Not presented as prior period amount is zero

Revenue

Net premiums written. Net premiums written decreased by $28.9 million, or 30%, in the three months ended March 31, 2023 compared to the same period in the prior year, driven by a 69% decrease in premiums from our Direct Agents channel and a 18% decrease in premiums from our Third-Party Agents channel.

For the three months ended March 31, 2023, Direct Agents premium decline was driven by closed order decline of 77%. For the three months ended March 31, 2023, 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 income decreased $9.5 million, or 59%, in the three months ended March 31, 2023 compared to the same period in the prior year driven by the corresponding closed order decline of 77%. The decline in closed order activity was partially offset by higher average escrow fees per direct order of 78% in the three months ended March 31, 2023 compared to the same period in the prior year, resulting from a higher mix of purchase orders.

Investment, dividend and other income. Investment, dividend and other income increased $0.6 million, or 134%, in the three months ended March 31, 2023 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 $11.4 million, or 19%, in the three months ended March 31, 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 $4.0 million, or 67%, in the three months ended March 31, 2023 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 $0.7 million, or 14%, in the three months ended March 31, 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 a decrease in reserve development for claims incurred from prior period business. For the three months ended March 31, 2023, reserve increases related to prior period policies were $1.1 million compared to reserve releases of $1.0 million for the corresponding period in the prior year. The provision for claims, expressed as a percentage of net premiums written, was 5.9% and 4.8% for the three months ended March 31, 2023 and 2022, respectively.

Personnel costs. Personnel costs decreased by $37.2 million, or 48%, for the three months ended March 31, 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 $7.3 million, or 32%, in the three months ended March 31, 2023 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 $0.2 million in the three months ended March 31, 2023 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.

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 $13.9 million, or 100%, in the three months ended March 31, 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. During the three months ended March 31, 2023 the stock price remained relatively consistent, resulting in minimal change in the fair value of the Warrant and Sponsor Covered Shares liabilities.

Interest expense. Interest expense increased by $0.8 million, or 19%, in the three months ended March 31, 2023 compared to the same period in the prior year, due to a higher amount of average 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.

Supplemental Segment Results Discussion – Three Months Ended March 31, 2023 Compared to the Three Months Ended March 31, 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 March 31, 2023				Three Months Ended March 31, 2022			
	Distribution	Underwriting	Eliminations	Consolidated	Distribution	Underwriting	Eliminations	Consolidated
	(in thousands)							
Net premiums written	$ —	$ 66,770	$ —	$ 66,770	$ —	$ 95,666	$ —	$ 95,666
Escrow, other title-related fees and other (1)	11,870	565	(5,837)	6,598	34,280	803	(18,970)	16,113
Investment, dividend and other income	83	917	—	1,000	14	414	—	428
Total revenue	$ 11,953	$ 68,252	$ (5,837)	$ 74,368	$ 34,294	$ 96,883	$ (18,970)	$ 112,207
Premiums retained by agents (2)	—	55,021	(5,837)	49,184	—	79,572	(18,970)	60,602
Direct labor (3)	10,050	2,887	—	12,937	25,553	2,245	—	27,798
Other direct costs (4)	2,012	1,805	—	3,817	6,059	2,767	—	8,826
Provision for claims	799	3,160	—	3,959	599	4,012	—	4,611
Adjusted gross profit (5)	$ (908)	$ 5,379	$ —	$ 4,471	$ 2,083	$ 8,287	$ —	$ 10,370

(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 $22.3 million, or 65%, for three months ended March 31, 2023 compared to the same period in the prior year, driven by the closed order decline discussed above. For the three months ended March 31, 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 $28.6 million, or 30%, for the three months ended March 31, 2023 as 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, partially offset by an increase in premiums associated with new home buildings that closed during the periods.

Distribution segment adjusted gross profit decreased by $3.0 million, or 144%, for the three months ended March 31, 2023 compared to the same period in the prior year, driven by lower retained premiums and fees from closed order decline and and an increase in the provision for claims ratio.

Underwriting segment adjusted gross profit decreased by $2.9 million, or 35%, for three months ended March 31, 2023, as 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. Contributing to the declines are higher direct labor expenses as a percentage of revenue and an increase in the provision for claims ratio.

Supplemental Key Operating and Financial Indicators Results Discussion – Three Months Ended March 31, 2023 Compared to the Three Months Ended March 31, 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 March 31,			
	2023	2022	$ Change	% Change
	(in thousands, except percentages and open and closed order numbers)			
Opened orders	9,940	35,192	(25,252)	(72)%
Closed orders	6,280	27,347	(21,067)	(77)%
Retained premiums and fees	$ 25,184	$ 51,605	$ (26,421)	(51)%
Adjusted gross profit	4,471	10,370	(5,899)	(57)%
Ratio of adjusted gross profit to retained premiums and fees	18 %	20 %	(2) p.p	(10)%
Adjusted EBITDA	$ (21,591)	$ (44,905)	$ 23,314	(52)%

Opened and closed orders

For the three months ending March 31, 2023, we opened 9,940 orders and closed 6,280 orders, a decrease of 72% and 77%, respectively, over the same period in the prior year. The decline in both open and closed orders 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.

Closed orders decreased 91% in our Doma Enterprise channel and decreased by 62% in our Local channel for the three months ended March 31, 2023 as compared to the same period in the prior year, due to the contracting refinance market and low home inventories, and further exacerbated by a decline in closed order pull-through rates as prospective transactors were impacted by current market conditions.

Retained premiums and fees

Retained premiums and fees decreased by $26.4 million, or 51%, during the three months ended March 31, 2023 compared to the same period in the prior year, driven by closed order reductions and title policy declines across the Direct 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 $5.9 million, or 57%, during the three months ended March 31, 2023 compared to the same period in the prior year, due to declines in retained premiums and fees and an increase in the provision for claims ratio. Partially offsetting these factors were lower direct labor as a result of the workforce reduction actions taken during the second half of 2022 and lower title exam and closing costs.

Ratio of adjusted gross profit to retained premiums and fees

The ratio of adjusted gross profit to retained premiums and fees decreased 2 percentage points during the three months ended March 31, 2023 compared to the same periods in the prior year due to closed order reductions and title policy declines partially offset by a higher mix of closed purchase orders, which carry a higher price point as compared to closed refinance orders. Additionally, the decrease is due to an increase in the provision for claims ratio compared to the same periods in the prior year. Other offsetting impacts to the ratio of adjusted gross profit to retained premiums and fees during the three months ended March 31, 2023 were a decrease in title exam and closing costs as a percentage of retained premiums and fees and a decrease direct labor expenses as a percentage of retained premiums and fees as a result of the workforce reduction actions taken during the second half of 2022.

Adjusted EBITDA

Adjusted EBITDA improved by $23.3 million to negative $21.6 million for the three months ended March 31, 2023 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.

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 March 31,	
	2023	2022
	(in thousands)	
Revenue	$ 74,368	$ 112,207
Minus:		
Premiums retained by Third-Party Agents	49,184	60,602
Retained premiums and fees	$ 25,184	$ 51,605
Minus:		
Direct labor	12,937	27,798
Provision for claims	3,959	4,611
Depreciation and amortization	3,075	3,236
Other direct costs [(1)]	3,817	8,826
Gross Profit	$ 1,396	$ 7,134

(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 March 31,	
	2023	2022
	(in thousands)	
Gross Profit	$ 1,396	$ 7,134
Adjusted for:		
Depreciation and amortization	3,075	3,236
Adjusted Gross Profit	$ 4,471	$ 10,370

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 March 31,	
	2023	2022
	(in thousands)	
Net loss (GAAP)	$ (42,123)	$ (50,026)
Adjusted for:		
Depreciation and amortization	3,075	3,236
Interest expense	4,989	4,207
Income taxes	185	185
EBITDA	$ (33,874)	$ (42,398)
Adjusted for:		
Stock-based compensation	5,697	11,393
Severance and interim salary costs	6,420	—
Long-lived asset impairment	181	—
Change in fair value of Warrant and Sponsor Covered Shares liabilities	(15)	(13,900)
Adjusted EBITDA	$ (21,591)	$ (44,905)

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 $84.2 million in cash and cash equivalents and restricted cash, $61.8 million in held-to-maturity debt securities, and $58.8 million in available-for-sale debt securities as of March 31, 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 4.2 million shares of our common stock.

Other commitments and contingencies

Our commitments for leases, related to our office space and equipment, amounted to $31.5 million as of March 31, 2023 of which $7.3 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 March 31, 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:

	Three Months Ended March 31,	
	2023	**2022**
	(in thousands)	
Net cash used in operating activities	$ (23,878)	$ (56,469)
Net cash used in investing activities	26,531	(5,042)
Net cash provided by financing activities	182	(97)

Operating activities

In the first three months of 2023, net cash used in operating activities was $23.9 million driven by the net loss of $42.1 million and cash paid for accrued expenses of $5.9 million. This was offset by changes in receivables of $11.6 million and non-cash costs including stock-based compensation expense of $5.7 million and depreciation and amortization of $3.1 million.

In the first three months of 2022, net cash used in operating activities was $56.5 million driven by the net loss of $50.0 million, cash paid for accrued expenses of $17.3 million, and non-cash costs relating to the change in the fair value of warrant and Sponsor Covered Shares liabilities of $13.9 million. This was partially offset by decreases in prepaid expenses, deposits and other assets of $3.9 million and receivables of $2.6 million and non-cash costs including depreciation and amortization of $3.2 million and stock-based compensation expense of $11.6 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 three months of 2023, net cash provided by investing activities was $26.5 million, and reflected $35.7 million of purchases of investments offset by $64.5 million of proceeds from the maturity of held-to-maturity investments. Cash paid for fixed assets was $2.8 million in the same period, largely consisting of technology development costs related to the Doma Intelligence platform.

In the first three months of 2022, net cash used in investing activities was $5.0 million, and $2.1 million reflected of purchases of investments offset by $7.1 million of proceeds from the sale of investments. Cash paid for fixed assets was $10.1 million in the same period, largely consisting of technology development costs related to Doma Intelligence.

Financing activities

Net cash provided by financing activities was immaterial in the first three months of 2023 and 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 March 31, 2023 amounted to $81.5 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 March 31, 2023.

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

	March 31, 2023		December 31, 2022	
	($ in thousands)			
Known title claims	$ 7,843	10 %	$ 7,134	9 %
IBNR title claims	73,005	90 %	74,738	90 %
Total title claims	$ 80,848	99 %	$ 81,872	99 %
Non-title claims	669	1 %	198	1 %
Total loss reserves	$ 81,517	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 March 31, 2023, we had $46.3 million of goodwill, relating to the North American Title Acquisition, of which $22.9 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 8.4 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 8.4 years (or longest available data for GPCs whose trading history was shorter than 8.4 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 March 31, 2023, the Sponsor Covered Shares liability amounted to $0.2 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 March 31, 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 March 31, 2023. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of March 31, 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. 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.

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

None

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
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.

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: May 9, 2023

Title: Chief Executive Officer

(Principal Executive Officer)

DOMA HOLDINGS, INC.

By: /s/ Mike Smith

Name: Mike Smith

Date: May 9, 2023

Title: Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

Exhibit 31.1

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.

May 9, 2023

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

Exhibit 31.2

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.

May 9, 2023

By: /s/ Mike Smith
Mike Smith
Chief Financial Officer
(Principal Financial Officer & Principal Accounting Officer)

Exhibit 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

In connection with the Quarterly Report of Doma Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 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.

May 9, 2023

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

Exhibit 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**

In connection with the Quarterly Report of Doma Holdings, Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 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.

May 9, 2023

By: /s/ Mike Smith
Mike Smith
Chief Financial Officer
(Principal Financial Officer & Principal Accounting Officer)