UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2024

or

☐ **Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from ________ to ________

Commission File Number: 001-39095

The Baldwin Insurance Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware		**61-1937225**
(State or other jurisdiction of incorporation or organization)		**(I.R.S. Employer Identification No.)**

4211 W. Boy Scout Blvd., Suite 800, Tampa, Florida 33607
(Address of principal executive offices) (Zip Code)

(866) 279-0698
(Registrant's telephone number, including area code)

Not Applicable
(Former Name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.01 per share	**BWIN**	**Nasdaq Global Select Market**

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

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

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

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

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

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

As of October 29, 2024, there were 67,569,242 shares of Class A common stock outstanding and 50,013,563 shares of Class B common stock outstanding.

THE BALDWIN INSURANCE GROUP, INC.

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Note Regarding Forward-Looking Statements

We have made statements in this report, including matters discussed under Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, Part II, Item 1. Legal Proceedings, Part II, Item 1A. Risk Factors and in other sections of this report, that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies and anticipated trends in our business. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. You should specifically consider the numerous risks outlined under Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 28, 2024.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We are under no duty to update any of these forward-looking statements after the date of this report to conform our prior statements to actual results or revised expectations, except as required by law.

Commonly Used Defined Terms

The following terms have the following meanings throughout this Quarterly Report on Form 10-Q unless the context indicates or requires otherwise:

2019 Stockholders Agreement	Stockholders Agreement between Baldwin and the holders of LLC Units in Baldwin Holdings entered into on October 28, 2019
2024 Credit Agreement	Amended and Restated Credit Agreement, dated as of May 24, 2024, which is attached as Annex I to the Amendment and Restatement Agreement, dated May 24, 2024, between Baldwin Holdings, as borrower, JPMorgan Chase Bank, N.A., as the Administrative Agent, the Guarantors party thereto and the Lenders party thereto
2024 Credit Facility	The 2024 Revolving Facility and 2024 Term Loan established pursuant to the 2024 Credit Agreement
2024 Revolving Facility	Our revolving credit facility under the 2024 Credit Facility with commitments in an aggregate principal amount of $600 million, maturing May 24, 2029
2024 Term Loan	Our term loan facility under the 2024 Credit Facility with a principal amount of $840 million, maturing May 24, 2031
Amended LLC Agreement	Third Amended and Restated Limited Liability Company Agreement of Baldwin Holdings, as amended
API	Application programming interface
book of business	Insurance policies bound by us on behalf of our Clients
bps	Basis points
Baldwin Holdings	The Baldwin Insurance Group Holdings, LLC (formerly Baldwin Risk Partners, LLC), our operating company and a subsidiary of Baldwin
Baldwin	The Baldwin Insurance Group, Inc. (formerly BRP Group, Inc.), our parent company, together, unless the context otherwise requires, with its consolidated subsidiaries, including Baldwin Holdings and its consolidated subsidiaries and affiliates
Clients	Our insureds
Colleagues	Our employees
Exchange Act	Securities Exchange Act of 1934, as amended
GAAP	Accounting principles generally accepted in the United States of America
Insurance Company Partners	Insurance companies with which we have a contractual relationship
JPM Credit Agreement	Credit Agreement, dated as of October 14, 2020, between Baldwin Holdings, as borrower, JPMorgan Chase Bank, N.A., as the Administrative Agent, the Guarantors party thereto, the Lenders party thereto and the Issuing Lenders party thereto, as amended by Amendment No. 1 to Credit Agreement dated as of May 7, 2021, Amendment No. 2 to Credit Agreement dated as of June 2, 2021, Amendment No. 3 to Credit Agreement dated as of August 6, 2021, Amendment No. 4 to Credit Agreement dated as of December 16, 2021, Amendment No. 5 to Credit Agreement dated as of March 28, 2022, Amendment No. 6 to Credit Agreement dated as of June 27, 2023 and Amendment No. 7 to Credit Agreement dated as of September 15, 2023
LLC Units	Membership interests of Baldwin Holdings
MGA	Managing General Agent
MSI	Our MGA platform, also known as MGA of the Future
Operating Groups	Our reportable segments
Partners	Companies that we have acquired, or in the case of asset acquisitions, the producers
Partnerships	Strategic acquisitions made by the Company
Pre-IPO LLC Members	Trevor Baldwin, our Chief Executive Officer; Lowry Baldwin, our Chairman; BIGH, LLC, an entity controlled by Lowry Baldwin; Elizabeth Krystyn, one of our founders; Laura Sherman, one of our founders; Daniel Galbraith, President, The Baldwin Group and CEO, Retail Brokerage Operations; Brad Hale, our Chief Financial Officer; and The Villages Invesco, LLC, and certain other historical equity holders including equity holders in companies that we have acquired or producers
QBE	QBE Insurance Corporation and its affiliates

QBE Program Administrator Agreement	Agreement with an affiliate of QBE Holdings, Inc., the prior owner of Westwood, under which our MSI business provides program administrator services to QBE Insurance Corporation in connection with the portion of our builder-sourced homeowners book that is underwritten by affiliates of QBE Insurance Corporation
Risk Advisors	Our producers
SEC	U.S. Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
Senior Secured Notes	7.125% senior secured notes with an aggregate principal amount of $600 million due May 15, 2031
SOFR	Secured Overnight Financing Rate
Tax Receivable Agreement	Tax Receivable Agreement between Baldwin and the holders of LLC Units in Baldwin Holdings entered into on October 28, 2019
Westwood	Westwood Insurance Agency, a 2022 Partner
Wholesale Business	Our specialty wholesale broker business, which was sold on March 1, 2024

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

THE BALDWIN INSURANCE GROUP, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except share and per share data)	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 181,759	$ 116,209
Restricted cash	162,957	104,824
Premiums, commissions and fees receivable, net	656,111	627,791
Prepaid expenses and other current assets	13,454	12,730
Assets held for sale	—	64,351
Total current assets	1,014,281	925,905
Property and equipment, net	21,263	22,713
Right-of-use assets	74,960	85,473
Other assets	47,356	38,134
Intangible assets, net	968,811	1,017,343
Goodwill	1,412,369	1,412,369
Total assets	$ 3,539,040	$ 3,501,937
Liabilities, Mezzanine Equity and Stockholders' Equity		
Current liabilities:		
Premiums payable to insurance companies	$ 589,157	$ 555,569
Producer commissions payable	71,179	64,304
Accrued expenses and other current liabilities	164,302	152,954
Related party notes payable	5,635	1,525
Current portion of contingent earnout liabilities	201,281	215,157
Liabilities held for sale	—	43,931
Total current liabilities	1,031,554	1,033,440
Revolving line of credit	—	341,000
Long-term debt, less current portion	1,399,010	968,183
Contingent earnout liabilities, less current portion	2,509	61,310
Operating lease liabilities, less current portion	69,235	78,999
Other liabilities	123	123
Total liabilities	2,502,431	2,483,055
Commitments and contingencies (Note 13)		
Mezzanine equity:		
Redeemable noncontrolling interest	375	394
Stockholders' equity:		
Class A common stock, par value $0.01 per share, 300,000,000 shares authorized; 67,536,347 and 64,133,950 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	675	641
Class B common stock, par value $0.0001 per share, 100,000,000 shares authorized; 50,013,563 and 52,422,494 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	5	5
Additional paid-in capital	785,931	746,671
Accumulated deficit	(191,261)	(186,905)
Total stockholders' equity attributable to Baldwin	595,350	560,412
Noncontrolling interest	440,884	458,076
Total stockholders' equity	1,036,234	1,018,488
Total liabilities, mezzanine equity and stockholders' equity	$ 3,539,040	$ 3,501,937

See accompanying Notes to Condensed Consolidated Financial Statements.

THE BALDWIN INSURANCE GROUP, INC.

Condensed Consolidated Statements of Comprehensive Loss

(Unaudited)

(in thousands, except share and per share data)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Revenues:				
Commissions and fees	$ 335,210	$ 304,232	$ 1,050,409	$ 929,306
Investment income	3,728	2,038	8,736	4,601
Total revenues	338,938	306,270	1,059,145	933,907
Operating expenses:				
Commissions, employee compensation and benefits	247,189	220,469	753,596	676,659
Other operating expenses	48,839	47,165	141,198	141,254
Amortization expense	26,899	23,183	76,334	69,505
Change in fair value of contingent consideration	(952)	13,914	17,276	55,065
Depreciation expense	1,557	1,453	4,619	4,250
Total operating expenses	323,532	306,184	993,023	946,733
Operating income (loss)	15,406	86	66,122	(12,826)
Other income (expense):				
Interest expense, net	(31,329)	(30,580)	(94,203)	(87,600)
Gain on divestitures	1,809	—	38,953	—
Loss on extinguishment and modification of debt	(389)	—	(15,068)	—
Other income (expense), net	28	(1,351)	105	(193)
Total other expense, net	(29,881)	(31,931)	(70,213)	(87,793)
Loss before income taxes	(14,475)	(31,845)	(4,091)	(100,619)
Income tax expense	—	161	2,151	904
Net loss	(14,475)	(32,006)	(6,242)	(101,523)
Less: net loss attributable to noncontrolling interests	(6,098)	(14,377)	(1,886)	(45,865)
Net loss attributable to Baldwin	$ (8,377)	$ (17,629)	$ (4,356)	$ (55,658)
Comprehensive loss	$ (14,475)	$ (32,006)	$ (6,242)	$ (101,523)
Comprehensive loss attributable to noncontrolling interests	(6,098)	(14,377)	(1,886)	(45,865)
Comprehensive loss attributable to Baldwin	(8,377)	(17,629)	(4,356)	(55,658)
Basic and diluted loss per share	$ (0.13)	$ (0.29)	$ (0.07)	$ (0.93)
Basic and diluted weighted-average shares of Class A common stock outstanding	64,011,515	60,549,080	63,001,125	59,791,435

See accompanying Notes to Condensed Consolidated Financial Statements.

THE BALDWIN INSURANCE GROUP, INC.

Condensed Consolidated Statements of Stockholders’ Equity and Mezzanine Equity

(Unaudited)

For the Three Months Ended September 30, 2024

	Stockholders’ Equity								Mezzanine Equity
	Class A Common Stock		Class B Common Stock						
(in thousands, except share data)	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Non-controlling Interest	Total	Redeemable Non-controlling Interest
Balance at June 30, 2024	66,544,590	$ 665	50,943,644	$ 5	$ 773,109	$ (182,884)	$ 452,364	$ 1,043,259	$ 286
Net income (loss)	—	—	—	—	—	(8,377)	(6,187)	(14,564)	89
Share-based compensation, net of forfeitures	61,676	1	—	—	4,323	—	3,215	7,539	—
Redemption of Class B common stock	930,081	9	(930,081)	—	8,499	—	(8,508)	—	—
Balance at September 30, 2024	67,536,347	$ 675	50,013,563	$ 5	$ 785,931	$ (191,261)	$ 440,884	$ 1,036,234	$ 375

For the Nine Months Ended September 30, 2024

	Stockholders’ Equity								Mezzanine Equity
	Class A Common Stock		Class B Common Stock						
(in thousands, except share data)	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Non-controlling Interest	Total	Redeemable Non-controlling Interest
Balance at December 31, 2023	64,133,950	$ 641	52,422,494	$ 5	$ 746,671	$ (186,905)	$ 458,076	$ 1,018,488	$ 394
Net income (loss)	—	—	—	—	—	(4,356)	(2,131)	(6,487)	245
Share-based compensation, net of forfeitures	993,466	10	—	—	19,878	—	15,421	35,309	—
Redemption of Class B common stock	2,408,931	24	(2,408,931)	—	19,382	—	(19,406)	—	—
Tax distributions to Baldwin Holdings LLC members	—	—	—	—	—	—	(11,076)	(11,076)	—
Distributions to variable interest entities	—	—	—	—	—	—	—	—	(264)
Balance at September 30, 2024	67,536,347	$ 675	50,013,563	$ 5	$ 785,931	$ (191,261)	$ 440,884	$ 1,036,234	$ 375

See accompanying Notes to Condensed Consolidated Financial Statements.

THE BALDWIN INSURANCE GROUP, INC.

Condensed Consolidated Statements of Stockholders' Equity and Mezzanine Equity (Continued)

(Unaudited)

For the Three Months Ended September 30, 2023

	Stockholders' Equity								Mezzanine Equity
	Class A Common Stock		Class B Common Stock						
(in thousands, except share data)	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Non-controlling Interest	Total	Redeemable Non-controlling Interest
Balance at June 30, 2023	63,696,680	$ 637	53,024,504	$ 5	$ 732,673	$ (134,793)	$ 498,245	$ 1,096,767	$ 495
Net income (loss)	—	—	—	—	—	(17,629)	(14,459)	(32,088)	82
Share-based compensation, net of forfeitures	(5,777)	—	—	—	4,898	—	4,017	8,915	—
Redemption of Class B common stock	538,410	5	(538,410)	—	4,982	—	(4,987)	—	—
Tax distributions to Baldwin Holdings LLC members	—	—	—	—	—	—	(47)	(47)	—
Distributions to variable interest entities	—	—	—	—	—	—	—	—	(244)
Balance at September 30, 2023	64,229,313	$ 642	52,486,094	$ 5	$ 742,553	$ (152,422)	$ 482,769	$ 1,073,547	$ 333

For the Nine Months Ended September 30, 2023

	Stockholders' Equity									Mezzanine Equity
	Class A Common Stock		Class B Common Stock							
(in thousands, except share data)	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Stockholder Notes Receivable	Non-controlling Interest	Total	Redeemable Non-controlling Interest
Balance at December 31, 2022	61,447,368	$ 614	54,504,918	$ 5	$ 704,291	$ (96,764)	$ (42)	$ 531,448	$ 1,139,552	$ 487
Net income (loss)	—	—	—	—	—	(55,658)	—	(46,096)	(101,754)	231
Share-based compensation, net of forfeitures	763,121	8	—	—	19,517	—	—	16,590	36,115	—
Redemption of Class B common stock	2,018,824	20	(2,018,824)	—	18,745	—	—	(18,765)	—	—
Tax distributions to Baldwin Holdings LLC members	—	—	—	—	—	—	—	(408)	(408)	—
Repayment of stockholder notes receivable	—	—	—	—	—	—	42	—	42	—
Distributions to variable interest entities	—	—	—	—	—	—	—	—	—	(385)
Balance at September 30, 2023	64,229,313	$ 642	52,486,094	$ 5	$ 742,553	$ (152,422)	$ —	$ 482,769	$ 1,073,547	$ 333

See accompanying Notes to Condensed Consolidated Financial Statements.

THE BALDWIN INSURANCE GROUP, INC.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(in thousands)	For the Nine Months Ended September 30, 2024	2023
Cash flows from operating activities:		
Net loss	$ (6,242)	$ (101,523)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	80,953	73,755
Change in fair value of contingent consideration	17,276	55,065
Share-based compensation expense	46,764	46,637
Payment of contingent earnout consideration in excess of purchase price accrual	(21,145)	(22,639)
Gain on divestitures	(38,953)	—
Amortization of deferred financing costs	4,419	3,577
Loss on extinguishment of debt	1,034	—
Loss on interest rate caps	244	489
Other loss	346	797
Changes in operating assets and liabilities:		
Premiums, commissions and fees receivable, net	(27,777)	(63,367)
Prepaid expenses and other current assets	(7,980)	(6,294)
Right-of-use assets	12,562	7,671
Accounts payable, accrued expenses and other current liabilities	35,395	32,793
Operating lease liabilities	(11,188)	(4,162)
Net cash provided by operating activities	85,708	22,799
Cash flows from investing activities:		
Proceeds from divestitures, net of cash transferred	56,977	—
Capital expenditures	(28,897)	(14,157)
Investments in and loans for business ventures	(3,703)	(673)
Proceeds from repayment of related party loans	1,500	—
Cash consideration paid for asset acquisitions	(268)	(2,118)
Net cash provided by (used in) investing activities	25,609	(16,948)
Cash flows from financing activities:		
Payment of contingent earnout consideration up to amount of purchase price accrual	(64,698)	(26,808)
Proceeds from revolving line of credit	95,000	88,000
Payments on revolving line of credit	(436,000)	(269,000)
Proceeds from refinancing of long-term debt	1,440,000	170,000
Payments relating to extinguishment and modification of long-term debt	(996,177)	—
Payments on long-term debt	(4,661)	(6,815)
Payments of deferred financing costs	(17,988)	(4,447)
Proceeds from the settlement of interest rate caps	2,300	7,893
Tax distributions to Baldwin Holdings LLC members	(11,076)	(408)
Distributions to variable interest entities	(264)	(385)
Proceeds from repayment of stockholder notes receivable	—	42
Net cash provided by (used in) financing activities	6,436	(41,928)
Net increase (decrease) in cash and cash equivalents and restricted cash	117,753	(36,077)
Cash and cash equivalents and restricted cash at beginning of period	226,963	230,471
Cash and cash equivalents and restricted cash at end of period	$ 344,716	$ 194,394

See accompanying Notes to Condensed Consolidated Financial Statements.

THE BALDWIN INSURANCE GROUP, INC.

Condensed Consolidated Statements of Cash Flows (Continued)

(Unaudited)

(in thousands)	For the Nine Months Ended September 30, 2024	2023
Supplemental schedule of cash flow information:		
Cash paid during the period for interest	$ 73,417	$ 77,455
Cash paid during the period for income taxes	2,717	1,208
Disclosure of non-cash investing and financing activities:		
Conversion of contingent earnout liability to related party notes payable	$ 5,636	$ —
Right-of-use assets obtained in exchange for operating lease liabilities	2,111	4,391
Capital expenditures incurred but not yet paid	1,821	699
Right-of-use assets increased (decreased) through lease modifications and reassessments	(99)	697
Contingent earnout liabilities recognized in asset acquisitions	—	723
Noncash debt issuance costs incurred	—	245
Decrease in goodwill resulting from measurement period adjustments for prior year business combinations	—	(211)

See accompanying Notes to Condensed Consolidated Financial Statements.

1. Business and Basis of Presentation

The Baldwin Insurance Group, Inc. was incorporated in the state of Delaware on July 1, 2019 as BRP Group, Inc. and, on May 2, 2024, was renamed The Baldwin Insurance Group, Inc.

The Baldwin Insurance Group, Inc. is a holding company and sole managing member of The Baldwin Insurance Group Holdings, LLC (formerly Baldwin Risk Partners, LLC) ("Baldwin Holdings") and its sole material asset is its ownership interest in Baldwin Holdings, through which all of its business has been and is conducted. In these condensed consolidated financial statements, unless the context otherwise requires, the words "Baldwin," and the "Company" refer to The Baldwin Insurance Group, Inc., together with its consolidated subsidiaries, including Baldwin Holdings and its consolidated subsidiaries and affiliates.

Baldwin is a diversified insurance agency and services organization that markets and sells insurance products and services to its Clients throughout the U.S. A significant portion of the Company's business is concentrated in the Southeastern U.S., with several other regional concentrations. Baldwin and its subsidiaries operate through three reportable segments ("Operating Groups"), Insurance Advisory Solutions, Underwriting, Capacity & Technology Solutions and Mainstreet Insurance Solutions, which are discussed in more detail in Note 14.

Principles of Consolidation

The consolidated financial statements include the accounts of Baldwin and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

As the sole manager of Baldwin Holdings, Baldwin operates and controls all the business and affairs of Baldwin Holdings, and has the sole voting interest in, and controls the management of, Baldwin Holdings. Accordingly, Baldwin consolidates Baldwin Holdings in its consolidated financial statements, resulting in a noncontrolling interest related to the membership interests of Baldwin Holdings (the "LLC Units") held by Baldwin Holdings' members in the Company's consolidated financial statements.

The Company has prepared these condensed consolidated financial statements in accordance with Accounting Standards Codification ("ASC") Topic 810, *Consolidation* ("Topic 810"). Topic 810 requires that if an enterprise is the primary beneficiary of a variable interest entity, the assets, liabilities, and results of operations of the variable interest entity should be included in the consolidated financial statements of the enterprise. The Company has recognized certain entities as variable interest entities, of which the Company is the primary beneficiary, and has included the accounts of these entities in the consolidated financial statements. Refer to Note 3 for additional information regarding the Company's variable interest entities.

Topic 810 also requires that the equity of a noncontrolling interest shall be reported on the condensed consolidated balance sheets within total equity of the Company. Certain redeemable noncontrolling interests are reported on the condensed consolidated balance sheets as mezzanine equity. Topic 810 also requires revenues, expenses, gains, losses, net income or loss, and other comprehensive income or loss to be reported in the consolidated financial statements at consolidated amounts, which include amounts attributable to the owners of the parent and the noncontrolling interests.

Unaudited Interim Financial Reporting

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Accordingly, they do not include all the information and related notes required by GAAP for complete consolidated financial statements. In the opinion of management, all adjustments, consisting of recurring accruals, considered necessary for fair presentation of the financial statements have been included. The accompanying consolidated balance sheet for the year ended December 31, 2023 was derived from audited financial statements, but does not include all disclosures required by GAAP. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2023 included in the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2024.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates underlying the accompanying condensed consolidated financial statements include the application of guidance for revenue recognition; impairment of intangible assets and goodwill; the valuation of contingent consideration; and the valuation allowance for deferred tax assets.

Changes in Presentation

As previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, beginning in January 2024, the Company’s FounderShield Partner moved from the Underwriting, Capacity & Technology Solutions Operating Group to the Insurance Advisory Solutions Operating Group. Prior year segment reporting information in Note 14 has been recast to conform to the current organizational structure.

In addition, certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no impact on the Company’s previously reported consolidated financial position or results of operations.

Recently Issued Accounting Standards

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-09, Income Taxes (Topic 740)—Improvements to Income Tax Disclosures (“ASU 2023-09”) to enhance the transparency and usefulness of income tax disclosures. ASU 2023-09 requires disclosure of specific categories and disaggregation of information in the rate reconciliation table using both percentages and reporting currency amounts. ASU 2023-09 also requires disclosure of disaggregated information related to income taxes paid, income or loss from continuing operations before income tax expense or benefit, and income tax expense or benefit from continuing operations. This guidance is effective for fiscal years beginning after December 15, 2024. The Company expects the adoption of this standard to expand its income tax disclosures, but otherwise have no impact on the consolidated financial statements.

Recently Adopted Accounting Standards

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280)—Improvements to Reportable Segment Disclosures (“ASU 2023-07”) to enhance the disclosure requirements for reportable segments. ASU 2023-07 requires disclosure of significant segment expenses regularly provided to the chief operating decision maker (“CODM”), as well as an aggregate amount of other segment items included within segment profit or loss and a description of its composition. Additionally, ASU 2023-07 requires a description of how the CODM utilizes the reported measure of segment operating results to assess segment performance. ASU 2023-07 also requires enhanced interim disclosure requirements effectively making annual disclosures a requirement for interim reporting. The annual requirements of ASU 2023-07 became effective for the Company January 1, 2024, at which time it was adopted. The Company will include the new disclosures in its Annual Report on Form 10-K for the year ending December 31, 2024 as required. New interim period disclosures are required for fiscal years beginning January 1, 2025 and will be included in the Company’s Quarterly Reports on Form 10-Q at that time.

2. Business Divestitures

Since its launch in January 2020, the Company's specialty wholesale broker business (the “Wholesale Business”), operating within the Underwriting, Capacity & Technology Solutions Operating Group, had not benefited from the same degree of capital allocation, focus and prioritization as the retail and MGA businesses. After assessing the various paths forward for the Wholesale Business, near the end of 2023, management concluded that a plan to sell the Wholesale Business created the greatest opportunity for both the Company and the Wholesale Business.

As of December 31, 2023, the Wholesale Business met the criteria to be classified as held for sale. The assets and liabilities were recorded as held for sale at their carrying value, which was determined to be lower than the fair value of the net assets less costs to sell and, as a result, no loss was recorded relating to the reclassification. The divestiture did not meet the criteria to be reported as discontinued operations and the Company continued to report the operating results for its Wholesale Business as continuing operations in the condensed consolidated statements of comprehensive loss through February 29, 2024.

On March 1, 2024, the Company closed on the sale of its Wholesale Business for proceeds of approximately $58.9 million, subject to certain customary purchase price adjustments. The Company derecognized assets of $61.8 million, which included $9.5 million of goodwill, and liabilities of $39.9 million. The Company recognized a pre-tax gain on the sale of $35.1 million (after post-closing adjustments), which is included as a component of gain on divestitures in the condensed consolidated statements of comprehensive loss for the nine months ended September 30, 2024.

3. Variable Interest Entities

Topic 810 requires a reporting entity to consolidate a variable interest entity ("VIE") when the reporting entity has a variable interest or combination of variable interests that provide the entity with a controlling financial interest in the VIE. The Company continually assesses whether it has a controlling financial interest in each of its VIEs to determine if it is the primary beneficiary of the VIE and should, therefore, consolidate each of the VIEs. A reporting entity is considered to have a controlling financial interest in a VIE if it has (i) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, and (ii) the obligation to absorb the losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE.

The Company determined that it is the primary beneficiary of its VIEs, which include Laureate Insurance Partners, LLC, BKS Smith, LLC, BKS MS, LLC and BKS Partners Galati Marine Solutions, LLC. The Company has consolidated its VIEs into the accompanying condensed consolidated financial statements.

Total revenues and expenses of the Company's consolidated VIEs included in the condensed consolidated statements of comprehensive loss were $0.6 million and $0.2 million, respectively, for the three months ended September 30, 2024 and $0.4 million and $0.3 million, respectively, for the three months ended September 30, 2023. Total revenues and expenses of the Company's consolidated VIEs included in the condensed consolidated statements of comprehensive loss were $1.8 million and $0.8 million, respectively, for the nine months ended September 30, 2024 and $1.4 million and $0.8 million, respectively, for the nine months ended September 30, 2023.

Total assets and liabilities of the Company's consolidated VIEs included on the condensed consolidated balance sheets were $1.5 million and $0.3 million, respectively, at September 30, 2024 and $0.8 million and $0.2 million, respectively, at December 31, 2023. The assets of the consolidated VIEs can only be used to settle the obligations of the consolidated VIEs and the creditors of the liabilities of the consolidated VIEs do not have recourse to the Company.

4. Revenue

The following table provides disaggregated revenues by major source:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
Commission revenue[(1)]	$ 270,271	$ 237,103	$ 873,051	$ 737,815
Profit-sharing revenue[(2)]	26,785	25,959	69,757	75,877
Consulting and service fee revenue[(3)]	19,257	21,735	58,011	57,947
Policy fee and installment fee revenue[(4)]	16,002	17,071	43,252	49,907
Other income[(5)]	2,895	2,364	6,338	7,760
Investment income[(6)]	3,728	2,038	8,736	4,601
Total revenues	$ 338,938	$ 306,270	$ 1,059,145	$ 933,907

(1) Commission revenue is earned by providing insurance placement services to Clients under direct bill and agency bill arrangements with Insurance Company Partners for private risk management, commercial risk management, wealth management, employee benefits and Medicare insurance types.

(2) Profit-sharing revenue represents bonus-type revenue that is earned by the Company as a sales incentive provided by certain Insurance Company Partners.

(3) Service fee revenue is earned for providing insurance placement services to Clients for a negotiated fee and consulting revenue is earned by providing specialty insurance consulting and other advisory services.

(4) Policy fee revenue represents revenue earned for acting in the capacity of an MGA and fulfilling certain administrative functions on behalf of Insurance Company Partners, including delivery of policy documents, processing payments and other administrative functions. Installment fee revenue represents revenue earned by the Company for providing payment processing services on behalf of Insurance Company Partners related to policy premiums paid on an installment basis.
(5) Other income includes other ancillary income, premium financing income, and marketing income that is based on agreed-upon cost reimbursement for fulfilling specific targeted Medicare marketing campaigns.
(6) Investment income represents interest earnings on available cash invested in treasury money market funds.

The application of ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606") requires the use of management judgment. The following are the areas of most significant judgment as it relates to Topic 606:

- The Company considers the policyholders as representative of its customers in the majority of contractual relationships, with the exception of Medicare contracts in its Mainstreet Insurance Solutions Operating Group, where the Insurance Company Partner is considered its customer.
- Medicare contracts in the Mainstreet Insurance Solutions Operating Group are multi-year arrangements in which the Company is entitled to renewal commissions. However, the Company has applied a constraint to renewal commissions that limits revenue recognized when a risk of significant reversals exists based on: (i) historical renewal patterns; and (ii) the influence of external factors outside of the Company's control, including policyholder discretion over plans and Insurance Company Partner relationship, political influence, and a contractual provision, which limits the Company's right to receive renewal commissions to ongoing compliance and regulatory approval of the relevant Insurance Company Partner and compliance with the Centers for Medicare and Medicaid Services.
- The Company recognizes separately contracted commission revenue at the effective date of insurance placement and considers any ongoing interaction with the customer to be insignificant in the context of the obligations of the contract.
- Variable consideration includes estimates of direct bill commissions, reserves for policy cancellations and accruals for profit-sharing income.
- Costs to obtain a contract are deferred and recognized over five years, which represents management's estimate of the average benefit period for new business.
- Due to the relatively short time period between the information gathering phase and binding insurance coverage, the Company has determined that costs to fulfill contracts are not significant. Therefore, costs to fulfill a contract are expensed as incurred.

5. Contract Assets and Liabilities

Contract assets arise when the Company recognizes (i) revenue for amounts that have not yet been billed and (ii) receivables for premiums to be collected on behalf of Insurance Company Partners. Contract liabilities relate to payments received in advance of performance under the contract before the transfer of a good or service to the customer. Contract assets are included in premiums, commissions and fees receivable, net and contract liabilities are included in accrued expenses and other current liabilities on the condensed consolidated balance sheets. The balances of contract assets and liabilities arising from contracts with customers were as follows:

(in thousands)	**September 30, 2024**	**December 31, 2023**
Contract assets	$ 349,286	$ 342,692
Contract liabilities	40,030	30,281

During the nine months ended September 30, 2024, the Company recognized revenue of $29.8 million related to the contract liabilities balance at December 31, 2023.

6. Deferred Commission Expense

The Company pays an incremental amount of compensation in the form of producer commissions on new business. In accordance with ASC Topic 340, *Other Assets and Deferred Costs,* these incremental costs are deferred and amortized over five years, which represents management's estimate of the average benefit period for new business. Deferred commission expense represents producer commissions that are capitalized and not yet expensed and are included in other assets on the condensed consolidated balance sheets. The table below provides a rollforward of deferred commission expense:

(in thousands)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Balance at beginning of period	$ 29,434	$ 24,840	$ 26,205	$ 21,669
Costs capitalized	5,930	2,666	13,547	9,170
Amortization	(2,638)	(1,847)	(7,026)	(5,180)
Balance at end of period	$ 32,726	$ 25,659	$ 32,726	$ 25,659

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

(in thousands)	September 30, 2024	December 31, 2023
Accrued compensation and benefits	$ 59,504	$ 53,728
Contract liabilities	40,030	30,281
Current portion of operating lease liabilities	17,659	16,704
Accrued interest	16,182	2,009
Accrued expenses	9,987	23,274
Current portion of long-term debt	8,400	10,243
Colleague earnout incentives[1]	7,581	8,020
Other	4,959	8,695
Accrued expenses and other current liabilities	$ 164,302	$ 152,954

(1) Represents the unpaid portion of contingent earnout liabilities that were reclassified, at the Partner's option, to an earnout incentive bonus payable to Colleagues. Refer to the contingent earnout liabilities rollforward in Note 12 for additional information.

8. Long-Term Debt

As of December 31, 2023, the JPM Credit Agreement, as amended, provided for senior secured credit facilities in an aggregate principal amount of $1.62 billion, which consisted of (i) a term loan facility in the principal amount of $1.02 billion maturing in October 2027 (the "Term Loan B") and (ii) a revolving credit facility with commitments in an aggregate principal amount of $600 million maturing in April 2027 (the "Revolving Facility"). The Term Loan B bore interest at term SOFR plus a credit spread adjustment between 11 bps and 43 bps, based on the term SOFR rate, plus an applicable margin of 350 bps, subject to a term SOFR floor of 50 bps. Borrowings under the Revolving Facility accrued interest at SOFR plus 210 bps to SOFR plus 310 bps based on total net leverage ratio.

On May 24, 2024, Baldwin Holdings refinanced the amounts outstanding under the Term Loan B and the Revolving Facility with a portion of the proceeds from an offering of $600 million in aggregate principal amount of 7.125% senior secured notes due May 15, 2031 (the "Senior Secured Notes") and borrowings under a new $840 million senior secured first lien term loan facility maturing May 24, 2031 (the "2024 Term Loan"). In connection with the refinancing, Baldwin Holdings also established a new senior secured first lien revolving facility with commitments in an aggregate principal amount of $600 million maturing May 24, 2029 (the "2024 Revolving Facility" and, together with the 2024 Term Loan, the "2024 Credit Facility").

In connection with the Senior Secured Notes and the 2024 Credit Facility, the Company incurred $32.0 million in debt issuance costs, of which $18.0 million were capitalized as deferred financing costs that will be amortized over the term of the related debt. A substantial portion of the deferred financing costs relate to the Senior Secured Notes and 2024 Term Loan and are recorded as an offset to long-term debt on the condensed consolidated balance sheets, while those associated with the 2024 Revolving Facility are included in other assets. The remaining costs of $14.0 million, consisting of third-party financing costs related to the portion of the Term Loan B refinancing that was accounted for as a modification of debt, were expensed during the nine months ended September 30, 2024. The Company recorded an additional loss of $1.0 million related to the partial extinguishment of the Term Loan B during the nine months ended September 30, 2024. All remaining previously unamortized deferred financing costs continue to be amortized over the term of the 2024 Term Loan and 2024 Revolving Facility, as appropriate. The aggregate loss on extinguishment and modification of debt of $15.1 million was reported separately in the condensed consolidated statements of comprehensive loss for the nine months ended September 30, 2024.

Senior Secured Notes

The Senior Secured Notes were issued by Baldwin Holdings and a wholly-owned corporate subsidiary of Baldwin Holdings (the “co-issuer” and, together with Baldwin Holdings, the “issuers”) pursuant to an indenture, dated as of May 24, 2024 (the “indenture”), by and among the issuers, the guarantors named therein and U.S. Bank Trust Company, National Association, as trustee and notes collateral agent. Interest on the Senior Secured Notes will be payable semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2024. The Senior Secured Notes are jointly, severally and unconditionally guaranteed on a senior secured basis by the guarantors that guarantee or will guarantee indebtedness under the 2024 Credit Facility (the “guarantees”). The Senior Secured Notes and the guarantees rank pari passu in right of payment with all existing and future senior indebtedness of the issuers and the guarantors, including indebtedness under the 2024 Credit Facility, and are secured on a first-lien basis by the collateral that secures indebtedness under the 2024 Credit Facility.

The Senior Secured Notes may be redeemed in whole or in part, at any time on or after May 15, 2027 at the redemption prices set forth in the indenture, plus accrued and unpaid interest. Prior to May 15, 2027, the issuers may also redeem some or all of the Senior Secured Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, plus the applicable “make-whole” premium described in the indenture. In addition, the issuers may redeem (i) until May 15, 2027, up to 40% of the then outstanding principal amount of the Senior Secured Notes (which includes additional notes, if any) with an amount not to exceed the net cash proceeds from certain equity offerings, at a redemption price equal to 107.125% of the aggregate principal amount thereof and (ii) at any time prior to May 15, 2027, up to 10% of the then outstanding principal amount of the Senior Secured Notes (which includes additional notes, if any) during any twelve-month period following the issue date of the Senior Secured Notes (provided that such period commencing on the issue date of the Senior Secured Notes shall end on May 15, 2025) at a redemption price equal to 103% of the aggregate principal amount thereof, in each case, plus accrued and unpaid interest, if any, up to the redemption date. In addition, if certain kinds of “changes of control” occur, the issuers must offer to purchase the Senior Secured Notes at the prices set forth in the indenture, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase.

The indenture governing the Senior Secured Notes contains covenants that, among other things, limit the ability of the issuers and their restricted subsidiaries to:

- incur additional debt or issue certain preferred shares;
- incur liens or use assets as security in other transactions;
- make certain distributions, investments and other restricted payments;
- engage in certain transactions with affiliates; and
- merge or consolidate or sell, transfer, lease or otherwise dispose of all or substantially all of their assets.

The issuers were in compliance with all such covenants at September 30, 2024.

The indenture also provides for customary events of default.

2024 Credit Facility

The 2024 Term Loan was issued at 99.75% of par and bears interest at a rate of term SOFR, plus an applicable margin of 325 bps, with a margin step-down to 300 bps at a first lien net leverage ratio of 4.00x or below. At September 30, 2024, the outstanding borrowings on the 2024 Term Loan of $837.9 million had an applicable interest rate of 8.10%.

The outstanding borrowings under the 2024 Term Loan are required to be prepaid with: (a) up to 50% of excess cash flow (which will be reduced to 25% and 0% if specified total first lien net leverage ratios are met); (b) 100% of the net cash proceeds of certain asset dispositions, subject to certain thresholds and reinvestment provisions; and (c) 100% of the net proceeds of debt that is incurred in violation of the 2024 Credit Agreement.

The 2024 Term Loan requires quarterly principal payments of $2.1 million, with the balance payable in full on the maturity date thereof. Quarterly amortization payments may be reduced by any mandatory or voluntary prepayments including excess cash flow payments.

The interest rate for the 2024 Revolving Facility is term SOFR, plus a credit spread adjustment of 10 bps, plus an applicable margin of 200 bps to 300 bps based on a total first lien net leverage ratio. There were no outstanding borrowings on the 2024 Revolving Facility at September 30, 2024; however, the 2024 Revolving Facility is subject to a commitment fee of 0.40% on the unused capacity at September 30, 2024, which may be reduced to 0.35%, 0.30% or 0.25% if total net leverage ratio reduces to certain specified levels in the future. The Company will pay a letter of credit fee equal to the margin then in effect with respect to term SOFR loans under the 2024 Revolving Facility multiplied by the daily amount available to be drawn under any letter of credit, a fronting fee and any customary documentary and processing charges for any letter of credit issued under the 2024 Credit Agreement.

All obligations under the 2024 Credit Facility are jointly, severally and unconditionally guaranteed on a senior secured basis by certain of Baldwin Holdings' direct and indirect subsidiaries (the "guarantors") that also guarantee the Senior Secured Notes, subject to certain legal and tax limitations and other agreed exceptions, and are secured by substantially all the assets of Baldwin Holdings and the guarantors, subject to certain agreed limitations.

The 2024 Credit Agreement, the definitive agreement for the 2024 Credit Facility, provides that Baldwin Holdings has the right at any time to request incremental facilities in an aggregate principal amount not to exceed the sum of (a) the greater of (1) $285.0 million and (2) 100% of Consolidated EBITDA (as defined in the 2024 Credit Agreement) for the most recently completed four fiscal quarter period for which internal financial statements are available plus (b) all voluntary prepayments and/or redemptions of term loan facilities and certain other indebtedness secured on a pari passu basis with the obligations under the 2024 Credit Facility and all voluntary commitment reductions of the 2024 Revolving Facility (except in each case to the extent financed with proceeds from the incurrence of long-term indebtedness) plus (c) an amount such that, after giving effect to the incurrence of any such incremental facility pursuant to this clause (c) (which shall be deemed to include the full amount of any incremental revolving facility assuming that the full amount of such facility was drawn) and after giving effect to any acquisition, disposition, debt incurrence, debt retirement and other transactions to be consummated in connection therewith, Baldwin Holdings would be in compliance, on a pro forma basis, with a total first lien net leverage ratio of 5.50x or below. The lenders under the 2024 Credit Agreement are not under any obligation to provide any such incremental facilities and any such incremental facilities will be subject to certain customary conditions.

The 2024 Credit Agreement contains certain financial, affirmative and negative covenants that are customary for a senior credit facility of this type. The negative covenants in the 2024 Credit Agreement include limitations (subject to agreed exceptions) on the ability of Baldwin Holdings and its material subsidiaries to:

- incur additional indebtedness (including guarantees);
- incur liens;
- make investments, loans and advances;
- implement mergers, consolidations and sales of assets (including sale and lease-back transactions);
- make restricted payments or enter into restrictive agreements (including those with negative pledge clauses);
- enter into transactions with affiliates on non-arm's-length terms;
- change the business conducted by Baldwin Holdings and its subsidiaries;
- prepay, or make redemptions and repurchases of specified indebtedness;
- use the proceeds of the loans under the 2024 Credit Agreement in certain prohibited manners;
- make certain amendments to the organizational documents of Baldwin Holdings and its material subsidiaries; and
- change Baldwin Holdings' fiscal year.

The 2024 Credit Agreement contains a financial maintenance covenant requiring Baldwin Holdings to maintain a total first lien net leverage ratio at or below 7.00 to 1.00 on a pro forma basis. The 2024 Credit Agreement also contains certain customary events of default with certain cure periods, as applicable. Baldwin Holdings was in compliance with all such covenants at September 30, 2024.

Interest Rate Caps

The Company uses interest rate caps to mitigate its exposure to interest rate risk on its debt by limiting the impact of interest rate changes on cash flows. The interest rate caps limit the variability of the applicable base rate to the amount of the cap. The interest rate caps, which are included as a component of other assets on the condensed consolidated balance sheets, are recorded at an aggregate fair value of less than $0.1 million and $2.6 million at September 30, 2024 and December 31, 2023, respectively. The Company recognized a loss on interest rate caps of $0.1 million and $0.2 million for the three and nine months ended September 30, 2024, respectively, and a loss on interest rate caps of $0.8 million and $0.5 million for the three and nine months ended September 30, 2023, respectively. The gain or loss on interest rate caps is included as a component of other income (expense), net in the condensed consolidated statements of comprehensive loss.

9. Related Party Transactions

Related Party Balances

The Company had $1.5 million due from related parties at December 31, 2023, which included amounts due from Partners for post-closing cash requirements in accordance with Partnership agreements. The receivable at December 31, 2023 also included $0.8 million for a loan made to Emerald Bay Risk Solutions, LLC (“Emerald Bay”), an entity formed for the benefit of the MGA business, and to which Baldwin Holdings, Lowry Baldwin, the Company's Chairman, and members of the Company's executive management team have made capital commitments. Due from related parties is included in prepaid expenses and other current assets on the condensed consolidated balance sheets.

Baldwin Holdings recorded an investment in Emerald Bay of $2.4 million during the nine months ended September 30, 2024. Investments are included in other assets on the condensed consolidated balance sheets.

Related party notes payable of $5.6 million and $1.5 million at September 30, 2024 and December 31, 2023, respectively, relate to the settlement of contingent earnout consideration for certain of the Company’s Partners.

Commission Revenue

The Company serves as a broker for Holding Company of the Villages, Inc. (“The Villages”), a significant shareholder, and certain affiliated entities. Commission revenue recorded from transactions with The Villages and affiliated entities was $0.1 million and $0.4 million for the three months ended September 30, 2024 and 2023, respectively, and $2.4 million and $2.0 million for the nine months ended September 30, 2024 and 2023, respectively.

The Company serves as a broker for certain entities in which a member of Baldwin’s board of directors has a material interest. Commission revenue recorded from transactions with these entities was $0.1 million and less than $0.1 million for the three months ended September 30, 2024 and 2023, respectively, and $0.1 million and $0.2 million for the nine months ended September 30, 2024 and 2023, respectively.

Commissions Expense

Two brothers of Lowry Baldwin, the Company’s Chairman, received producer commissions from the Company comprising approximately $0.1 million and $0.2 million during the three months ended September 30, 2024 and 2023, respectively, and $0.4 million and $0.5 million during the nine months ended September 30, 2024 and 2023, respectively.

Rent Expense

The Company has various agreements to lease office space from wholly-owned subsidiaries of The Villages. Total rent expense incurred with respect to The Villages and its wholly-owned subsidiaries was approximately $0.1 million for each of the three months ended September 30, 2024 and 2023 and $0.4 million and $0.3 million for the nine months ended September 30, 2024 and 2023, respectively. Total right-of-use assets and operating lease liabilities included on the Company's condensed consolidated balance sheets relating to these lease agreements were $1.1 million and $1.2 million, respectively, at September 30, 2024 and $1.4 million each at December 31, 2023.

The Company has various agreements to lease office space from other related parties. Total rent expense incurred with respect to other related parties was $0.9 million and $1.0 million for the three months ended September 30, 2024 and 2023, respectively, and $2.8 million and $2.9 million for the nine months ended September 30, 2024 and 2023, respectively. Total right-of-use assets and operating lease liabilities included on the Company's condensed consolidated balance sheets relating to these lease agreements were $10.6 million and $11.1 million, respectively, at September 30, 2024 and $12.9 million and $13.4 million, respectively, at December 31, 2023.

10. Share-Based Compensation

The Company has an Omnibus Incentive Plan (the "Omnibus Plan") and a Partnership Inducement Award Plan (the "Inducement Plan" and, collectively with the Omnibus Plan, the "Plans") to motivate and reward Colleagues and certain other individuals to perform at the highest level and contribute significantly to the Company's success, thereby furthering the best interests of Baldwin's stockholders. The total number of shares of Class A common stock authorized for issuance under the Omnibus Plan and the Inducement Plan was 10,793,035 and 3,000,000, respectively, at September 30, 2024.

During the nine months ended September 30, 2024, the Company made awards of restricted stock awards ("RSAs"), performance-based restricted stock unit awards ("PSUs"), and fully vested shares under the Plans to its non-employee directors, officers, Colleagues and consultants. Fully-vested shares issued to directors, officers and Colleagues during the nine months ended September 30, 2024 were vested upon issuance and PSUs issued to officers vest in the quarter following the end of a performance period of three years, while RSAs issued to Colleagues, consultants and officers generally either cliff vest after three to four years or vest ratably over three to five years.

The following table summarizes the activity for awards granted by the Company under the Plans:

	Shares	Weighted-Average Grant-Date Fair Value Per Share
Non-vested awards outstanding at December 31, 2023	3,521,590	$ 29.22
Granted	1,847,756	30.39
Vested and settled	(1,350,885)	27.20
Forfeited	(298,182)	29.75
Non-vested awards outstanding at September 30, 2024	3,720,279	30.49

The total fair value of shares that vested and settled under the Plans was $36.7 million and $29.6 million for the nine months ended September 30, 2024 and 2023, respectively.

Share-based compensation is recognized ratably over the vesting period of the respective awards and includes expense related to issuances under the Plans. Share-based compensation also includes the portion of annual bonuses that are payable in fully-vested shares of Class A common stock. The Company recognizes share-based compensation expense for the Plans net of actual forfeitures. The Company recorded share-based compensation expense of $17.9 million and $14.6 million for the three months ended September 30, 2024 and 2023, respectively, and $46.8 million and $46.6 million for the nine months ended September 30, 2024 and 2023, respectively. Share-based compensation expense is included in commissions, employee compensation and benefits expense in the condensed consolidated statements of comprehensive loss.

11. Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) attributable to Baldwin by the weighted-average number of shares of Class A common stock outstanding during the period. Diluted earnings (loss) per share is computed giving effect to all potentially dilutive shares of common stock.

The following table sets forth the computation of basic and diluted loss per share:

(in thousands, except per share data)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Basic and diluted loss per share:				
Net loss attributable to Baldwin	$ (8,377)	$ (17,629)	$ (4,356)	$ (55,658)
Shares used for basic and diluted loss per share:				
Basic and diluted weighted-average shares of Class A common stock outstanding	64,012	60,549	63,001	59,791
Basic and diluted loss per share	$ (0.13)	$ (0.29)	$ (0.07)	$ (0.93)

Potentially dilutive securities consist of unvested stock awards, including RSAs and PSUs, in addition to shares of Class B common stock, which can be exchanged (together with a corresponding number of LLC Units) for shares of Class A common stock on a one-for-one basis. The following potentially dilutive securities were excluded from the Company's diluted weighted-average number of shares outstanding calculation for the periods presented as their inclusion would have been anti-dilutive.

	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Unvested RSAs and PSUs	4,014,508	3,880,052	3,569,891	3,880,052
Shares of Class B common stock	50,490,324	52,486,094	51,234,449	52,486,094

The shares of Class B common stock do not share in the earnings or losses attributable to Baldwin, and therefore, are not participating securities. Accordingly, a separate presentation of basic and diluted loss per share of Class B common stock under the two-class method has not been included.

12. Fair Value Measurements

ASC Topic 820, *Fair Value Measurement* ("Topic 820") established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under Topic 820 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2: Inputs to the valuation methodology are quoted market prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level for assets and liabilities within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis within each level of the fair value hierarchy:

	Fair Value Hierarchy					
	Level 1		Level 2		Level 3	
(in thousands)	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Assets:						
Money market funds	$ 21,962	$ 4,317	$ —	$ —	$ —	$ —
Interest rate caps	—	—	18	2,562	—	—
Total assets measured at fair value	$ 21,962	$ 4,317	$ 18	$ 2,562	$ —	$ —
Liabilities:						
Contingent earnout liabilities	$ —	$ —	$ —	$ —	$ 203,790	$ 276,467
Total liabilities measured at fair value	$ —	$ —	$ —	$ —	$ 203,790	$ 276,467

Money Market Funds

The Company has investments in money market funds, which are included in cash and cash equivalents on the condensed consolidated balance sheets. Fair value inputs for these investments are considered Level 1 measurements within the fair value hierarchy since money market fund fair values are known and observable through daily published floating values.

Interest Rate Caps

The fair value of interest rate caps is determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the caps. The variable interest rates used in the calculation of projected receipts on the caps are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities.

Contingent Earnout Liabilities

Methodologies used for liabilities measured at fair value on a recurring basis within Level 3 of the fair value hierarchy are based on limited unobservable inputs. These methods may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value of contingent earnout liabilities is based on sales projections for the acquired entities, which are reassessed each reporting period. Based on the Company's ongoing assessment of the fair value of its contingent earnout liabilities, the Company recorded a net decrease in the estimated fair value of such liabilities of $1.0 million for the three months ended September 30, 2024 and a net increase in the estimated fair value of $17.3 million for the nine months ended September 30, 2024. The Company has assessed the maximum estimated exposure to the contingent earnout liabilities to be $329.2 million at September 30, 2024.

The Company measures contingent earnout liabilities at fair value each reporting period using significant unobservable inputs classified within Level 3 of the fair value hierarchy. The Company uses a probability weighted value analysis as a valuation technique to convert future estimated cash flows to a single present value amount. The significant unobservable inputs used in the fair value measurements are sales projections over the earnout period, and the probability outcome percentages assigned to each scenario. Significant increases or decreases to either of these inputs would result in a significantly higher or lower liability with a higher liability capped by the contractual maximum of the contingent earnout liabilities. Ultimately, the liability will be equivalent to the amount settled, and the difference between the fair value estimate and amount settled will be recorded in earnings for business combinations, or as a change in the carrying value of the assets acquired for asset acquisitions.

The fair value of the contingent earnout liabilities is based on Monte Carlo simulations that measure the present value of the expected future payments to be made to Partners in accordance with the provisions outlined in the respective purchase agreements, which is a Level 3 fair value measurement. In determining fair value, the Company estimates the Partner's future performance using financial projections developed by management for the Partner and market participant assumptions that were derived for revenue growth, the number of rental units tracked or the insured value of sourced homeowners insurance. Revenue growth rates generally ranged from 8% to 25% at September 30, 2024 and from 10% to 35% at December 31, 2023. The Company estimates future payments using the earnout formula and performance targets specified in each purchase agreement and these financial projections. These payments are generally discounted to present value using a risk-adjusted rate that takes into consideration market-based rates of return that reflect the ability of the Partner to achieve the targets. These discount rates generally ranged from 7.50% to 13.75% at December 31, 2023. However, due to the short-term nature of any remaining material contingent earnout liabilities at September 30, 2024, a discount rate has not been applied to the remaining balance. Changes in financial projections, market participant assumptions for revenue growth, or the risk-adjusted discount rate, would result in a change in the fair value of contingent consideration.

The following table sets forth a summary of the changes in the fair value of the Company's contingent earnout liabilities, which are measured at fair value on a recurring basis utilizing Level 3 assumptions in their valuation:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
Balance at beginning of period	$ 210,243	$ 294,312	$ 276,467	$ 266,936
Change in fair value of contingent consideration[1]	(952)	13,914	17,276	55,065
Fair value of contingent consideration issuances	—	723	—	723
Settlement of contingent consideration[2]	(5,501)	(35,672)	(89,953)	(49,447)
Balance at end of period	$ 203,790	$ 273,277	$ 203,790	$ 273,277

(1) The Company reclassified $4.3 million and $10.7 million of its contingent earnout liabilities through the issuance of Colleague earnout incentives during the three and nine months ended September 30, 2024, respectively, which results in a reduction to the change in fair value of contingent consideration and an increase to commissions, employee compensation and benefits expense in the condensed consolidated statements of comprehensive loss. Refer to Note 7 for additional information on Colleague earnout incentive balances.

(2) The Company settled $5.6 million of its contingent earnout liabilities through the issuance of related party notes payable during the nine months ended September 30, 2024. The condensed consolidated statement of cash flows for the nine months ended September 30, 2024 includes $1.5 million of payments of contingent earnout consideration related to a similar non-cash settlement in a prior period.

Fair Value of Other Financial Instruments

The fair value of long-term debt and the revolving line of credit is based on an estimate using a discounted cash flow analysis and current borrowing rates for similar types of borrowing arrangements. The carrying amount and estimated fair value of long-term debt and the revolving line of credit were as follows:

		September 30, 2024		December 31, 2023	
(in thousands)	**Fair Value Hierarchy**	**Carrying Amount**	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
Long-term debt[1]	Level 2	$ 1,437,900	$ 1,466,400	$ 998,737	$ 997,489
Revolving line of credit	Level 2	—	—	341,000	335,963

(1) The carrying amount of long-term debt reflects outstanding borrowings, which are presented net of unamortized debt issuance costs of $30.5 million and $20.3 million at September 30, 2024 and December 31, 2023, respectively, on the condensed consolidated balance sheets.

13. Commitments and Contingencies

Commitments

As of September 30, 2024, Baldwin Holdings has a remaining commitment to the University of South Florida ("USF") to donate $4.2 million through October 2028. The gift will provide support for the School of Risk Management and Insurance in the USF Muma College of Business. It is currently anticipated that Lowry Baldwin, the Company's Chairman, will fund half of the amounts to be donated by Baldwin Holdings.

Legal Proceedings

The Company is involved in various claims and legal actions arising in the ordinary course of business. A liability is recorded when a loss is considered probable and is reasonably estimable in accordance with GAAP. When a material loss contingency is reasonably possible but not probable, the Company will disclose the nature of the claim and, if possible, an estimate of the loss or range of loss. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

During 2023, Ruby Wagner, a putative Class A stockholder of the Company, filed a class action lawsuit (the "Lawsuit"), on behalf of herself and other similarly situated stockholders in the Delaware Court of Chancery against the Company seeking declaratory judgment that certain provisions of the 2019 Stockholders Agreement between the Company and the Pre-IPO LLC Members are invalid and unenforceable as a matter of Delaware law. On May 28, 2024, the Court of Chancery issued an opinion (the "Chancery Court Opinion") that certain provisions of the 2019 Stockholders Agreement granting approval rights related to amending the Company's certificate of incorporation and making significant decisions relating to the Company's senior management, are facially invalid, void, and unenforceable under Delaware law. An implementing order, presently in effect, was entered on June 20, 2024. The Chancery Court Opinion also held that a severability provision in the 2019 Stockholders Agreement allows the Pre-IPO LLC Members to demand a "suitable and equitable substitute" for the approval rights that were deemed invalid. A final order has not yet been entered in the Lawsuit and the time for taking an appeal has not yet run. Management is unable at this time to estimate the potential loss or range of loss from the ultimate disposition of this matter.

14. Segment Information

Effective January 1, 2024, the Company's FounderShield Partner moved from the Underwriting, Capacity & Technology Solutions Operating Group to the Insurance Advisory Solutions Operating Group. Prior year segment reporting information within this note has been recast to conform to the current organizational structure.

Baldwin's business is divided into three Operating Groups: Insurance Advisory Solutions, Underwriting, Capacity & Technology Solutions and Mainstreet Insurance Solutions.

- The Insurance Advisory Solutions ("IAS") Operating Group provides expertly-designed commercial risk management, employee benefits and private risk management solutions for businesses and high-net-worth individuals, as well as their families, through its national footprint, which has assimilated some of the highest quality independent insurance brokers in the country with vast and varied strategic capabilities and expertise.
- The Underwriting, Capacity & Technology Solutions ("UCTS") Operating Group consists of two distinct businesses—its MGA platform ("MSI") and its newly launched reinsurance brokerage business, Juniper Re. Through MSI, the Company manufactures proprietary, technology-enabled insurance products that are then distributed (in many instances via technology and/or API integrations) internally via Risk Advisors across its other Operating Groups and externally via select distribution partners, with a focus on sheltered channels where its products deliver speed, ease of use and certainty of execution, an example of which is the national embedded renters insurance product sold at point of lease via integrations with property management software providers. UCTS' Wholesale Business was sold in the first quarter of 2024 and its operations are included in UCTS' results through February 29, 2024.
- The Mainstreet Insurance Solutions ("MIS") Operating Group offers personal insurance, commercial insurance and life and health solutions to individuals and businesses in their communities, with a focus on accessing Clients via sheltered distribution channels, which include, but are not limited to, new home builders, realtors, mortgage originators/lenders, master planned communities, and various other community centers of influence. The MIS Operating Group also offers consultation for government assistance programs and solutions, including traditional Medicare, Medicare Advantage and Affordable Care Act, to seniors and eligible individuals through a network of primarily independent contractor agents.

In all its Operating Groups, the Company generates commissions from insurance placement under both agency bill and direct bill arrangements, and profit-sharing income based on either the underlying book of business or performance, such as loss ratios. All Operating Groups also generate other ancillary income and premium financing income.

In the IAS and UCTS Operating Groups, the Company generates fees from service fee and consulting arrangements. Service fee arrangements are in place with certain Clients for providing insurance placement services.

In the UCTS Operating Group, the Company generates fees from policy fee and installment fee arrangements. Policy fee revenue is earned for acting in the capacity of an MGA and providing payment processing services and other administrative functions on behalf of Insurance Company Partners.

In the MIS Operating Group, the Company generates commissions and fees from marketing income, which is earned through co-branded Medicare marketing campaigns with the Company's Insurance Company Partners.

In addition, the Company generates investment income in the IAS and UCTS Operating Groups and the Corporate and Other non-reportable segment ("Corporate and Other").

The Company's chief operating decision maker, the chief executive officer, uses net income (loss) and net income (loss) before interest, taxes, depreciation, amortization, and one-time transactional-related expenses or non-recurring items to manage resources and make decisions about the business.

Summarized financial information regarding the Company's Operating Groups is shown in the following tables. Corporate and Other includes any expenses not allocated to the Operating Groups and corporate-related items, including interest expense. Intersegment revenue and expenses are eliminated through Corporate and Other. Service center expenses and other overhead are allocated to the Company's Operating Groups based on either revenue or headcount as applicable to each expense.

The Company changed its measure of Operating Group profitability during the nine months ended September 30, 2024. In previous years, compensation expense relating to the Company's growth services Colleagues was primarily recognized in Corporate and Other. During 2024, the Company began allocating growth services Colleague compensation amongst the respective Operating Groups. This change in measurement resulted in an increase to commissions, employee compensation and benefits expense in each of the Operating Groups and a decrease in Corporate and Other.

	For the Three Months Ended September 30, 2024				
(in thousands)	**Insurance Advisory Solutions**	**Underwriting, Capacity & Technology Solutions**	**Mainstreet Insurance Solutions**	**Corporate and Other**	**Total**
Revenues[1]	$ 159,338	$ 129,794	$ 70,658	$ (20,852)	$ 338,938
Net income (loss)	9,199	13,695	12,399	(49,768)	(14,475)

	For the Three Months Ended September 30, 2023				
(in thousands)	**Insurance Advisory Solutions**	**Underwriting, Capacity & Technology Solutions**	**Mainstreet Insurance Solutions**	**Corporate and Other**	**Total**
Revenues[2]	$ 148,804	$ 114,018	$ 62,297	$ (18,849)	$ 306,270
Net income (loss)	3,540	11,421	10,763	(57,730)	(32,006)

	For the Nine Months Ended September 30, 2024				
(in thousands)	**Insurance Advisory Solutions**	**Underwriting, Capacity & Technology Solutions**	**Mainstreet Insurance Solutions**	**Corporate and Other**	**Total**
Revenues[1]	$ 549,810	$ 356,176	$ 209,422	$ (56,263)	$ 1,059,145
Net income (loss)	55,619	70,470	32,361	(164,692)	(6,242)

	For the Nine Months Ended September 30, 2023				
(in thousands)	**Insurance Advisory Solutions**	**Underwriting, Capacity & Technology Solutions**	**Mainstreet Insurance Solutions**	**Corporate and Other**	**Total**
Revenues[2]	$ 505,496	$ 302,662	$ 174,114	$ (48,365)	$ 933,907
Net income (loss)	32,798	21,839	22,775	(178,935)	(101,523)

(1) During the three and nine months ended September 30, 2024, the UCTS Operating Group recorded commissions revenue shared within the same Operating Group of $3.6 million and $10.3 million, respectively; the UCTS Operating Group recorded commissions revenue passed through to other Operating Groups of $17.9 million and $46.3 million, respectively; and the MIS Operating Group recorded commissions revenue shared within the same Operating Group of $0.2 million and $1.2 million, respectively. Commissions revenue shared within the same Operating Group and passed through to other Operating Groups is eliminated through Corporate and Other.

(2) During the three and nine months ended September 30, 2023, the UCTS Operating Group recorded commissions revenue shared within the same Operating Group of $2.7 million and $8.0 million, respectively; the UCTS Operating Group recorded commissions revenue passed through to other Operating Groups of $15.9 million and $39.7 million, respectively; and the MIS Operating Group recorded commissions revenue shared within the same Operating Group of $0.3 million and $1.4 million, respectively. Commissions revenue shared within the same Operating Group and passed through to other Operating Groups is eliminated through Corporate and Other.

(in thousands)	Insurance Advisory Solutions	Underwriting, Capacity & Technology Solutions	Mainstreet Insurance Solutions	Corporate and Other	Total
Total assets at September 30, 2024	$ 2,274,647	$ 630,980	$ 515,045	$ 118,368	$ 3,539,040
Total assets at December 31, 2023	2,292,729	646,404	518,593	44,211	3,501,937

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 28, 2024. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2023.

THE COMPANY

The Baldwin Insurance Group, Inc. is a holding company and sole managing member of The Baldwin Insurance Group Holdings, LLC (formerly Baldwin Risk Partners, LLC) ("Baldwin Holdings") and its sole material asset is its ownership interest in Baldwin Holdings, through which all of our business has been and is conducted. In this Quarterly Report on Form 10-Q, unless the context otherwise requires, the words "Baldwin," the "Company," "we," "us" and "our" refer to The Baldwin Insurance Group, Inc., together with its consolidated subsidiaries, including Baldwin Holdings and its consolidated subsidiaries and affiliates.

Baldwin is an independent insurance distribution firm providing indispensable expertise and insights that strive to give our Clients the confidence to pursue their purpose, passion and dreams. As a team of dedicated entrepreneurs and insurance professionals, we have come together to help protect the possible for our Clients. We do this by delivering bespoke Client solutions, services, and innovation through our comprehensive and tailored approach to risk management, insurance, and employee benefits. We support our Clients, Colleagues, Insurance Company Partners and communities through the deployment of vanguard resources and capital to drive our organic and inorganic growth. When we consistently execute for these key stakeholders, we believe that the outcome is an increase in value for our fifth stakeholder, our stockholders. We are innovating the industry by taking a holistic and tailored approach to risk management, insurance and employee benefits. Our growth plan includes continuing to recruit, train and develop industry leading talent, continuing to add geographic representation, insurance product expertise and end-client industry expertise via our Partnership strategy, and continuing to build out our MGA platform ("MSI"), which delivers proprietary, technology-enabled insurance solutions to our internal Risk Advisors as well as to a growing channel of external distribution partners. We are a destination employer supported by an award-winning culture, powered by exceptional people and fueled by industry-leading growth and innovation.

We represent over two million Clients across the United States and internationally. Our 4,000 Colleagues include approximately 700 Risk Advisors, who are fiercely independent, relentlessly competitive and "insurance geeks." We have approximately 110 offices in 24 states, all of which are equipped to provide diversified products and services to empower our Clients at every stage through our three Operating Groups.

- **Insurance Advisory Solutions** ("IAS") provides expertly-designed commercial risk management, employee benefits and private risk management solutions for businesses and high-net-worth individuals, as well as their families. Risk management solutions typically involve the sale of a wide variety of both commercial and personal lines insurance products that mitigate risks for firms and individuals. Employee benefits solutions can include health plans, dental plans, and retirement accounts for firms and their employees. We are privileged to have partnered with some of the highest quality independent insurance brokers across the country with vast and varied strategic capabilities and expertise. We have been intentional in recognizing and elevating this talent across the organization to build world class industry-focused practice groups and product Centers of Excellence that can be leveraged by the entire firm.
- **Underwriting, Capacity & Technology Solutions** ("UCTS") consists of two distinct businesses—MSI and our newly launched reinsurance brokerage business, Juniper Re. Through MSI, we manufacture proprietary, technology-enabled insurance products that are then distributed (in many instances via technology and/or API integrations) internally via our Risk Advisors across our other Operating Groups and externally via select distribution partners, with a focus on sheltered channels where our products deliver speed, ease of use and certainty of execution, an example of which is the national embedded renters insurance product sold at point of lease via integrations with property management software providers. As a prominent growth driver for the Company, we have invested heavily in the expansion of our MGA product suite, which is now comprised of more than 20 products across commercial, personal and professional lines, including new product launches in 2023 (high-net-worth homeowners, flood and commercial property products). UCTS' Wholesale Business was sold in the first quarter of 2024 and its operations are included in our results through the end of February 2024.

- **Mainstreet Insurance Solutions** (“MIS”) offers personal insurance, commercial insurance and life and health solutions to individuals and businesses in their communities, with a focus on accessing Clients via sheltered distribution channels, which include, but are not limited to, new home builders, realtors, mortgage originators/lenders, master planned communities, and various other community centers of influence. We have invested deeply in talent, technology and capabilities across MIS, including in Westwood's homeowners solutions that are embedded in many of the top home builders in the U.S., the national expansion of our distribution footprint through our National Mortgage and Real Estate Center, and enhanced digital capabilities focused on improving the Advisor and Client experience. Mainstreet Insurance Solutions also offers consultation for government assistance programs and solutions, including traditional Medicare, Medicare Advantage and Affordable Care Act, to seniors and eligible individuals through a network of primarily independent contractor agents.

In 2011, we adopted the “Azimuth” as our corporate and cultural constitution. Named after a historical navigation tool used to find “true north,” the Azimuth asserts our core values, business basics and stakeholder promises. The ideals encompassed by the Azimuth support our mission to deliver indispensable, tailored insurance and risk management insights and solutions to our Clients. We strive to be regarded as the preeminent insurance advisory firm—fueled by relationships, powered by people and exemplified by client adoption and loyalty. This type of environment is upheld by the distinct vernacular we use to describe our services and culture. We are a Firm, instead of an agency; we have Colleagues, instead of employees; and we have Risk Advisors, instead of producers/agents. We serve Clients instead of customers and we refer to our strategic acquisitions as Partnerships. We refer to insurance brokerages that we have acquired, or in the case of asset acquisitions, the producers, as Partners.

Seasonality

The insurance brokerage market is seasonal and our results of operations are somewhat affected by seasonal trends. Our adjusted EBITDA and adjusted EBITDA margins are typically highest in the first quarter and lowest in the fourth quarter. This variation is primarily due to fluctuations in our revenues, while overhead remains consistent throughout the year. Our revenues are generally highest in the first quarter due to a higher degree of first quarter policy commencements and renewals in certain Insurance Advisory Solutions and Mainstreet Insurance Solutions lines of business such as employee benefits, commercial and Medicare. In addition, a higher proportion of our first quarter revenue is derived from our highest margin businesses.

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements for the three and nine months ended September 30, 2024 and 2023 and the related notes and other financial information included elsewhere in this report.

In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2023.

The following is a discussion of our consolidated results of operations for the three and nine months ended September 30, 2024 and 2023.

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
(in thousands)	**2024**	**2023**	**Variance**	**2024**	**2023**	**Variance**
Revenues:						
Commissions and fees	$ 335,210	$ 304,232	$ 30,978	$ 1,050,409	$ 929,306	$ 121,103
Investment income	3,728	2,038	1,690	8,736	4,601	4,135
Total revenues	338,938	306,270	32,668	1,059,145	933,907	125,238
Operating expenses:						
Commissions, employee compensation and benefits	247,189	220,469	26,720	753,596	676,659	76,937
Other operating expenses	48,839	47,165	1,674	141,198	141,254	(56)
Amortization expense	26,899	23,183	3,716	76,334	69,505	6,829
Change in fair value of contingent consideration	(952)	13,914	(14,866)	17,276	55,065	(37,789)
Depreciation expense	1,557	1,453	104	4,619	4,250	369
Total operating expenses	323,532	306,184	17,348	993,023	946,733	46,290
Operating income (loss)	15,406	86	15,320	66,122	(12,826)	78,948
Other income (expense):						
Interest expense, net	(31,329)	(30,580)	(749)	(94,203)	(87,600)	(6,603)
Gain on divestitures	1,809	—	1,809	38,953	—	38,953
Loss on extinguishment and modification of debt	(389)	—	(389)	(15,068)	—	(15,068)
Other income (expense), net	28	(1,351)	1,379	105	(193)	298
Total other expense, net	(29,881)	(31,931)	2,050	(70,213)	(87,793)	17,580
Loss before income taxes	$ (14,475)	$ (31,845)	$ 17,370	$ (4,091)	$ (100,619)	$ 96,528

Commissions and Fees

We earn commissions and fees by facilitating the arrangement between Insurance Company Partners and Clients for the carrier to provide insurance to the insured party. Our commissions are usually a percentage of the premium paid by the insured and generally depend on the type of insurance, the particular Insurance Company Partner and the nature of the services provided. Under certain arrangements with Clients, we earn pre-negotiated service fees for insurance placement services. Additionally, we earn policy fees for acting in the capacity of an MGA and fulfilling certain administrative functions on behalf of Insurance Company Partners, including delivery of policy documents, processing payments and other administrative functions. We may also receive profit-sharing commissions, which represent forms of variable consideration paid by Insurance Company Partners associated with the placement of coverage. Profit-sharing commissions are generally based on underwriting results, but may also contain considerations for volume, growth or retention. Other revenue streams include other ancillary income, premium financing income, and marketing income based on negotiated cost reimbursement for fulling specific targeted Medicare marketing campaigns.

Commissions and fees increased $31.0 million, or 10%, for the quarter ended September 30, 2024 compared to the same period of 2023 driven by organic growth in core commissions and fees of $38.6 million related to new and renewal business across Client industry sectors and continued outperformance from MSI, offset in part by rate and exposure of (4.7)% in IAS. In addition, profit-sharing and other revenue increased $2.1 million for the quarter. This growth was offset in part by commissions and fees of $9.3 million derived from our Wholesale Business for the third quarter of 2023, for which there were no comparable revenues earned in 2024 since this business was sold in the first quarter of 2024.

Commissions and fees increased $121.1 million, or 13%, for the year-to-date period ended September 30, 2024 compared to the same period of 2023 driven by organic growth in core commissions and fees of $150.3 million related to new and renewal business across Client industry sectors and continued outperformance from MSI. This growth was offset in part by commissions and fees of $21.3 million derived from our Wholesale Business between March and September of 2023, for which there were no comparable revenues earned in 2024. In addition, profit-sharing and other revenue decreased $5.4 million for the year-to-date period, which is primarily a function of strong profit sharing revenue in the 2023 period, driven by both historically strong underwriting performance in the 2023 period and timing differences for UCTS, offset in part by improvements in loss ratios and the number of policies sold for MIS.

Investment Income

Investment income is earned by investing assets held in trust. Investment income increased $1.7 million and $4.1 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, due to improvements in our cash management strategy and growing yield on our invested cash.

Commissions, Employee Compensation and Benefits

Commissions, employee compensation and benefits is our largest expense. It consists of (i) base compensation comprising salary, bonuses and benefits paid and payable to Colleagues, commissions paid to Colleagues and outside commissions paid to others; and (ii) equity-based compensation associated with the grants of restricted and unrestricted stock awards to senior management, Colleagues, Risk Advisors and directors. We expect to continue to experience a general rise in commissions, employee compensation and benefits expense commensurate with expected revenue growth as our compensation arrangements with our Colleagues and Risk Advisors contain significant bonus or commission components driven by the results of our operations. In addition, we operate in competitive markets for human capital and need to maintain competitive compensation levels as we expand geographically and create new products and services.

Commissions, employee compensation and benefits expense increased $26.7 million, or 12%, for the quarter ended September 30, 2024 compared to the same period of 2023, primarily as a result of outside commissions, which increased $15.4 million, or 26%, due to growth in UCTS and MIS. In addition, Colleague compensation increased $5.4 million, driven by continued investments in headcount to support the growth of existing and new products, and Colleague earnout incentives increased $4.3 million as a result of contingent earnout liabilities that were reclassified, at the Partner's option, to a bonus payable to Colleagues.

Commissions, employee compensation and benefits expense increased $76.9 million, or 11%, for the year-to-date period ended September 30, 2024 compared to the same period of 2023, primarily related to outside commissions, which increased $47.4 million, or 30%, due to growth in UCTS and MIS. The year-to-date period also included an increase in Colleague earnout incentives of $10.3 million, which relate to contingent earnout liabilities that were reclassified, at the Partner's option, to a bonus payable to Colleagues. Other increases, driven by continued investments in headcount to support the growth of existing and new products, include benefits and other expense of $8.9 million, variable inside commissions of $5.2 million and Colleague compensation of $5.1 million.

Other Operating Expenses

Other operating expenses include travel, accounting, legal and other professional fees, placement fees, rent, office expenses and other costs associated with our operations. Our occupancy-related costs and professional services expenses, in particular, generally increase or decrease in relative proportion to the number of our Colleagues and the overall size and scale of our business operations.

Other operating expenses increased $1.7 million for the quarter ended September 30, 2024 compared to the same period of 2023. The increase in other operating expenses for the quarter was driven by higher legal claims and settlements expense of $1.1 million, travel and entertainment expense of $0.9 million to support our growth, and advertising and marketing of $0.9 million connected to our rebranding. These increased expenses were offset in part by lower professional fees and rent expense of $0.5 million each, due in part to certain cost saving measures we have implemented.

Other operating expenses were relatively flat for the year-to-date period ended September 30, 2024 compared to the same period of 2023. Several categories of other operating expenses experienced decreases for the year-to-date period due in part to certain cost saving measures we have implemented, including the renegotiation of vendor contracts, and post Partnership integration operational efficiencies gained, which included lower professional fees of $4.6 million, Partnership integration and infrastructure-related costs of $3.5 million, and rent expense of $0.8 million. These costs savings were partially offset by higher legal claims and settlements expense of $3.0 million, payment processing fees for our MGA business of $2.0 million, licenses and taxes of $1.5 million, travel and entertainment of $1.4 million to support the growth in IAS, and advertising and marketing of $0.9 million connected to our rebranding.

Amortization Expense

Amortization expense increased $3.7 million and $6.8 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, primarily due to the acceleration of trade names amortization in connection with rebranding within IAS and higher amortization of intangible assets recorded in connection with our Westwood Partnership, which are amortized based on a pattern of estimated economic benefit, offset in part by a reduction in amortization related to the write-off of intangible assets in connection with the sale of our Wholesale Business during the first quarter of 2024.

Change in Fair Value of Contingent Consideration

Change in fair value of contingent consideration was a $1.0 million gain for the quarter ended September 30, 2024 compared to a $13.9 million loss for the same period of 2023, and a $17.3 million loss for the year-to-date period ended September 30, 2024 compared to a $55.1 million loss for the same period of 2023. The fair value gain for the quarter ended September 30, 2024 was impacted by $4.3 million of Colleague earnout incentives, which were reclassified, at the Partner's option, from contingent earnout liabilities to a bonus payable to Colleagues, thereby resulting in a gain in the change in fair value of contingent consideration and an increase to commissions, employee compensation and benefits expense. The fair value loss related to contingent consideration for the year-to-date period ended September 30, 2024 was impacted by positive changes in revenue growth trends of certain partners and accretion of the contingent earnout obligations approaching their respective measurement dates, offset in part by a gain recognized in connection with the reclassification of $10.7 million to Colleague earnout incentives.

Interest Expense, Net

Interest expense, net, increased $0.7 million and $6.6 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, resulting from higher average borrowings, offset in part by lower average interest rates resulting from the May 2024 debt refinancing. We expect interest expense to remain relatively flat or increase slightly in the near-term on a year-over-year basis.

Gain on Divestitures

Gain on divestitures for the year-to-date period ended September 30, 2024 was driven by a $35.1 million gain recorded in connection with the sale of our Wholesale Business during the first quarter of 2024.

Loss on Extinguishment and Modification of Debt

Loss on extinguishment and modification of debt of $15.1 million for the year-to-date period ended September 30, 2024 relates to the May 2024 debt refinancing.

Other Income (Expense), Net

Other income (expense), net, increased $1.4 million and $0.3 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, driven by losses recognized on interest rate caps during the 2023 periods in connection with an interest rate cap that expired in March 2024.

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA, adjusted EBITDA margin, organic revenue, organic revenue growth, adjusted net income and adjusted diluted earnings per share ("EPS"), are not measures of financial performance under GAAP and should not be considered substitutes for GAAP measures, including commissions and fees (for organic revenue and organic revenue growth), net income (loss) (for adjusted EBITDA and adjusted EBITDA margin), net income (loss) attributable to Baldwin (for adjusted net income) or diluted earnings (loss) per share (for adjusted diluted EPS), which we consider to be the most directly comparable GAAP measures. These non-GAAP financial measures have limitations as analytical tools, and when assessing our operating performance, you should not consider these non-GAAP financial measures in isolation or as substitutes for commissions and fees, net income (loss), net income (loss) attributable to Baldwin, diluted earnings (loss) per share or other consolidated income statement data prepared in accordance with GAAP. Other companies in our industry may define or calculate these non-GAAP financial measures differently than we do, and accordingly, these measures may not be comparable to similarly titled measures used by other companies.

We define adjusted EBITDA as net income (loss) before interest, taxes, depreciation, amortization, change in fair value of contingent consideration and certain items of income and expense, including share-based compensation expense, transaction-related Partnership and integration expenses, severance, and certain non-recurring items, including those related to raising capital. We believe that adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of income and expenses that do not relate to business performance, and that the presentation of this measure enhances an investor's understanding of our financial performance.

Adjusted EBITDA margin is adjusted EBITDA divided by total revenue. Adjusted EBITDA margin is a key metric used by management and our board of directors to assess our financial performance. We believe that adjusted EBITDA margin is an appropriate measure of operating performance because it eliminates the impact of income and expenses that do not relate to business performance, and that the presentation of this measure enhances an investor's understanding of our financial performance. We believe that adjusted EBITDA margin is helpful in measuring profitability of operations on a consolidated level.

Adjusted EBITDA and adjusted EBITDA margin have important limitations as analytical tools. For example, adjusted EBITDA and adjusted EBITDA margin:

- do not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- do not reflect changes in, or cash requirements for, our working capital needs;
- do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations;
- do not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- do not reflect share-based compensation expense and other non-cash charges; and
- exclude certain tax payments that may represent a reduction in cash available to us.

We calculate organic revenue based on commissions and fees for the relevant period by excluding (i) the first twelve months of commissions and fees generated from new Partners and (ii) commissions and fees from divestitures. Organic revenue growth is the change in organic revenue period-to-period, with prior period results adjusted to (i) include commissions and fees that were excluded from organic revenue in the prior period because the relevant Partners had not yet reached the twelve-month owned mark, but which have reached the twelve-month owned mark in the current period, and (ii) exclude commissions and fees related to divestitures from organic revenue. For example, commissions and fees from a Partner acquired on June 1, 2023 are excluded from organic revenue for 2023. However, after June 1, 2024, results from June 1, 2023 to December 31, 2023 for such Partners are compared to results from June 1, 2024 to December 31, 2024 for purposes of calculating organic revenue growth in 2024. Organic revenue growth is a key metric used by management and our board of directors to assess our financial performance. We believe that organic revenue and organic revenue growth are appropriate measures of operating performance as they allow investors to measure, analyze and compare growth in a meaningful and consistent manner.

We define adjusted net income as net income (loss) attributable to Baldwin adjusted for depreciation, amortization, change in fair value of contingent consideration and certain items of income and expense, including share-based compensation expense, transaction-related Partnership and integration expenses, severance, and certain non-recurring costs that, in the opinion of management, significantly affect the period-over-period assessment of operating results, and the related tax effect of those adjustments. We believe that adjusted net income is an appropriate measure of operating performance because it eliminates the impact of income and expenses that do not relate to business performance.

Adjusted diluted EPS measures our per share earnings excluding certain expenses as discussed above for adjusted net income and assuming all shares of Class B common stock were exchanged for Class A common stock on a one-for-one basis. Adjusted diluted EPS is calculated as adjusted net income divided by adjusted diluted weighted-average shares outstanding. We believe adjusted diluted EPS is useful to investors because it enables them to better evaluate per share operating performance across reporting periods.

Adjusted EBITDA and Adjusted EBITDA Margin

The following table reconciles adjusted EBITDA and adjusted EBITDA margin to net loss, which we consider to be the most directly comparable GAAP financial measure:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in thousands, except percentages)	**2024**	**2023**	**2024**	**2023**
Revenues	$ 338,938	$ 306,270	$ 1,059,145	$ 933,907
Net loss	$ (14,475)	$ (32,006)	$ (6,242)	$ (101,523)
Adjustments to net loss:				
Interest expense, net	31,329	30,580	94,203	87,600
Amortization expense	26,899	23,183	76,334	69,505
Share-based compensation	17,949	14,598	46,764	46,637
Gain on divestitures	(1,809)	—	(38,953)	—
Change in fair value of contingent consideration	(952)	13,914	17,276	55,065
Loss on extinguishment and modification of debt	389	—	15,068	—
Colleague earnout incentives	4,327	—	10,706	—
Transaction-related Partnership and integration expenses	2,047	3,774	9,042	18,007
Depreciation expense	1,557	1,453	4,619	4,250
Severance	678	875	3,554	3,373
Income and other taxes	82	161	3,300	904
Loss on interest rate caps	84	818	244	489
Other[(1)]	4,646	6,659	13,410	20,289
Adjusted EBITDA	$ 72,751	$ 64,009	$ 249,325	$ 204,596
Adjusted EBITDA margin	21 %	21 %	24 %	22 %

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(1) Other addbacks to adjusted EBITDA include certain expenses that are considered to be non-recurring or non-operational, including certain recruiting costs, professional fees, litigation costs and bonuses.

Organic Revenue and Organic Revenue Growth

The following table reconciles organic revenue and organic revenue growth to commissions and fees, which we consider to be the most directly comparable GAAP financial measure:

(in thousands, except percentages)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Commissions and fees	$ 335,210	$ 304,232	$ 1,050,409	$ 929,306
Partnership commissions and fees[1]	—	(985)	—	(44,696)
Organic revenue	$ 335,210	$ 303,247	$ 1,050,409	$ 884,610
Organic revenue growth[2]	$ 40,672	$ 47,523	$ 144,844	$ 150,471
Organic revenue growth %[2]	14 %	19 %	16 %	20 %

(1) Includes the first twelve months of such commissions and fees generated from newly acquired Partners.

(2) Organic revenue for the three and nine months ended September 30, 2023 used to calculate organic revenue growth for the three and nine months ended September 30, 2024 was $294.5 million and $905.6 million, respectively, which is adjusted to exclude commissions and fees from divestitures that occurred during 2024.

Adjusted Net Income and Adjusted Diluted EPS

The following table reconciles adjusted net income to net loss attributable to Baldwin and reconciles adjusted diluted EPS to diluted loss per share, which we consider to be the most directly comparable GAAP financial measures:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in thousands, except per share data)	2024	2023	2024	2023
Net loss attributable to Baldwin	$ (8,377)	$ (17,629)	$ (4,356)	$ (55,658)
Net loss attributable to noncontrolling interests	(6,098)	(14,377)	(1,886)	(45,865)
Amortization expense	26,899	23,183	76,334	69,505
Share-based compensation	17,949	14,598	46,764	46,637
Gain on divestitures	(1,809)	—	(38,953)	—
Change in fair value of contingent consideration	(952)	13,914	17,276	55,065
Loss on extinguishment and modification of debt	389	—	15,068	—
Colleague earnout incentives	4,327	—	10,706	—
Transaction-related Partnership and integration expenses	2,047	3,774	9,042	18,007
Depreciation	1,557	1,453	4,619	4,250
Amortization of deferred financing costs	1,422	1,244	4,419	3,577
Severance	678	875	3,554	3,373
Loss on interest rate caps, net of cash settlements	84	3,771	2,544	8,382
Income tax expense	—	—	2,151	—
Other[1]	4,646	6,659	13,410	20,289
Adjusted pre-tax income	42,762	37,465	160,692	127,562
Adjusted income taxes[2]	4,234	3,709	15,909	12,629
Adjusted net income	$ 38,528	$ 33,756	$ 144,783	$ 114,933
Weighted-average shares of Class A common stock outstanding - diluted	64,012	60,549	63,001	59,791
Dilutive weighted-average shares of Class A common stock	4,014	3,941	3,570	3,931
Exchange of Class B common stock[3]	50,490	52,862	51,234	53,367
Adjusted diluted weighted-average shares outstanding	118,516	117,352	117,805	117,089
Adjusted diluted EPS	$ 0.33	$ 0.29	$ 1.23	$ 0.98
Diluted loss per share	$ (0.13)	$ (0.29)	$ (0.07)	$ (0.93)
Effect of exchange of Class B common stock and net loss attributable to noncontrolling interests per share	0.01	0.02	0.02	0.06
Other adjustments to loss per share	0.49	0.59	1.42	1.96
Adjusted income taxes per share	(0.04)	(0.03)	(0.14)	(0.11)
Adjusted diluted EPS	$ 0.33	$ 0.29	$ 1.23	$ 0.98

(1) Other addbacks to adjusted net income include certain expenses that are considered to be non-recurring or non-operational, including certain recruiting costs, professional fees, litigation costs and bonuses.

(2) Represents corporate income taxes at an assumed effective tax rate of 9.9% applied to adjusted pre-tax income.

(3) Assumes the full exchange of Class B common stock for Class A common stock pursuant to the Amended LLC Agreement.

INSURANCE ADVISORY SOLUTIONS OPERATING GROUP RESULTS

IAS provides expertly-designed commercial risk management, employee benefits and private risk management solutions for businesses and high-net-worth individuals, as well as their families, through our national footprint, which has assimilated some of the highest quality independent insurance brokers in the country with vast and varied strategic capabilities and expertise.

Effective January 1, 2024, our FounderShield Partner moved from UCTS to IAS. Prior year results of operations for IAS below have been recast to conform to the current organizational structure.

	For the Three Months Ended September 30,		Variance		For the Nine Months Ended September 30,		Variance	
(in thousands, except percentages)	**2024**	**2023**	**Amount**	**%**	**2024**	**2023**	**Amount**	**%**
Revenues:								
Commissions and fees	$ 157,535	$ 147,523	$ 10,012	7 %	$ 545,384	$ 502,991	$ 42,393	8 %
Investment income	1,803	1,281	522	41 %	4,426	2,505	1,921	77 %
Total revenues	159,338	148,804	10,534	7 %	549,810	505,496	44,314	9 %
Operating expenses:								
Commissions, employee compensation and benefits	119,266	103,639	15,627	15 %	383,086	335,289	47,797	14 %
Other operating expenses	20,098	19,867	231	1 %	59,328	59,809	(481)	(1)%
Amortization expense	16,435	13,447	2,988	22 %	46,087	40,338	5,749	14 %
Change in fair value of contingent consideration	(4,195)	7,882	(12,077)	(153)%	9,709	36,095	(26,386)	(73)%
Depreciation expense	363	388	(25)	(6)%	1,094	1,155	(61)	(5)%
Total operating expenses	151,967	145,223	6,744	5 %	499,304	472,686	26,618	6 %
Operating income	7,371	3,581	3,790	106 %	50,506	32,810	17,696	54 %
Total other income (expense)	1,828	(167)	1,995	n/m	5,138	(12)	5,150	n/m
Income before income taxes	$ 9,199	$ 3,414	$ 5,785	169 %	$ 55,644	$ 32,798	$ 22,846	70 %

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n/m not meaningful

Commissions and Fees

IAS generates (i) commissions for placing insurance policies on behalf of its Insurance Company Partners; (ii) profit-sharing income based on either the underlying book of business or performance, such as loss ratios; and (iii) fees from consulting and service fee arrangements, which are in place with certain Clients for a negotiated fee.

IAS commissions and fees increased $10.0 million for the quarter ended September 30, 2024 compared to the same period of 2023, due to higher core commissions and fees, which grew organically by 6%. Growth in our core commissions and fees was driven by 22% sales velocity (new business as a percentage of prior year commissions and fees) and resultant new business across Client industry sectors. Sales velocity for the quarter improved 400 bps over the same period of 2023 despite softness in our construction practice. New business growth was offset in part by rate and exposure of (4.7)% resulting from construction project work weakness and headwinds concentrated in our employee benefits practice. In addition, profit-sharing revenue increased $2.4 million for the quarter.

IAS commissions and fees increased $42.4 million for the year-to-date period ended September 30, 2024 compared to the same period of 2023, due to organic growth in core commissions and fees of 10%. Growth in our core commissions and fees was driven by 21% sales velocity, which improved 430 bps over the prior-year period, and resultant new business across Client industry sectors. New business growth was offset in part by rate and exposure headwinds of (1.0)% attributable largely to our real estate book, particularly catastrophe-exposed real estate, employee benefits practice, and construction project work weakness. In addition, profit-sharing revenue increased $1.5 million for the year-to-date period.

Investment Income

IAS investment income increased $0.5 million and $1.9 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, due to improvements in our cash management strategy and growing yield on our invested cash.

Commissions, Employee Compensation and Benefits

Commissions, employee compensation and benefits expense for IAS increased $15.6 million and $47.8 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, primarily due to an increase in Colleague compensation of $10.2 million and $25.1 million, respectively, driven by continued investments in headcount to support our growth, coupled with an increase in Colleague compensation allocated to IAS that was previously recognized in Corporate and Other. The quarter and year-to-date periods also included increases related to Colleague earnout incentives of $4.3 million and $10.3 million, respectively, for contingent earnout liabilities that were reclassified, at the Partner's option, to a bonus payable to Colleagues. In addition, variable inside commissions increased $8.0 million, or 7%, during the year-to-date period, in line with the growth in IAS' core commissions and fees.

Other Operating Expenses

Other operating expenses for IAS were relatively flat for each of the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023. Other operating expenses for the year-to-date period included higher costs for legal claims and settlement expense of $1.9 million and travel and entertainment of $1.8 million to support the growth in IAS, which were offset in part by $1.8 million of cost savings from measures we have implemented, including the renegotiation of vendor contracts and post Partnership integration operational efficiencies gained, and a reduction in professional fees of $1.1 million.

Amortization Expense

IAS amortization expense increased $3.0 million and $5.7 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, due to the acceleration of trade names amortization in connection with rebranding within IAS.

Change in Fair Value of Contingent Consideration

Change in fair value of contingent consideration for IAS was a $4.2 million gain for the quarter ended September 30, 2024 compared to a $7.9 million loss for the same period of 2023, and a $9.7 million loss for the year-to-date period ended September 30, 2024 compared to a $36.1 million loss for the same period of 2023. The fair value gain for the quarter ended September 30, 2024 was impacted by Colleague earnout incentives of $4.3 million, which were reclassified, at the Partner's option, from contingent earnout liabilities to a bonus payable to Colleagues, thereby resulting in a gain in the change in fair value of contingent consideration and an increase to commissions, employee compensation and benefits expense. The fair value loss related to contingent consideration for the year-to-date period ended September 30, 2024 was impacted by positive changes in revenue growth trends of certain partners, offset in part by a gain recognized in connection with the reclassification of $10.7 million to Colleague earnout incentives.

UNDERWRITING, CAPACITY & TECHNOLOGY SOLUTIONS OPERATING GROUP RESULTS

UCTS consists of two distinct businesses—MSI and our newly launched reinsurance brokerage business, Juniper Re. Through MSI, we manufacture proprietary, technology-enabled insurance products with a focus on sheltered channels where our products deliver speed, ease of use and certainty of execution, an example of which is our national embedded renters insurance product sold at point of lease via integrations with property management software providers. Our MGA product suite is now comprised of more than 20 products across personal, commercial and professional lines. UCTS' Wholesale Business was sold in the first quarter of 2024 and its operations are included in our results through February 29, 2024.

Effective January 1, 2024, our FounderShield Partner moved from UCTS to IAS. Prior year results of operations for UCTS below have been recast to conform to the current organizational structure.

(in thousands, except percentages)	For the Three Months Ended September 30, 2024	2023	Variance Amount	%	For the Nine Months Ended September 30, 2024	2023	Variance Amount	%
Revenues:								
Commissions and fees	$ 128,718	$ 113,313	$ 15,405	14 %	$ 353,373	$ 301,357	$ 52,016	17 %
Investment income	1,076	705	371	53 %	2,803	1,305	1,498	115 %
Total revenues	129,794	114,018	15,776	14 %	356,176	302,662	53,514	18 %
Operating expenses:								
Commissions, employee compensation and benefits	98,037	82,593	15,444	19 %	268,818	220,999	47,819	22 %
Other operating expenses	11,086	10,308	778	8 %	32,473	30,537	1,936	6 %
Amortization expense	3,850	3,999	(149)	(4)%	10,730	11,965	(1,235)	(10)%
Change in fair value of contingent consideration	3,032	5,538	(2,506)	(45)%	7,355	17,681	(10,326)	(58)%
Depreciation expense	151	159	(8)	(5)%	463	460	3	1 %
Total operating expenses	116,156	102,597	13,559	13 %	319,839	281,642	38,197	14 %
Operating income	13,638	11,421	2,217	19 %	36,337	21,020	15,317	73 %
Total other income, net	57	—	57	n/m	34,133	819	33,314	n/m
Income before income taxes	$ 13,695	$ 11,421	$ 2,274	20 %	$ 70,470	$ 21,839	$ 48,631	n/m

n/m not meaningful

Commissions and Fees

UCTS generates (i) commissions for underwriting and placing insurance policies on behalf of its Insurance Company Partners; (ii) policy fee and installment fee revenue for acting in the capacity of an MGA and fulfilling certain administrative functions on behalf of Insurance Company Partners, including delivery of policy documents, processing payments and other administrative functions; (iii) profit-sharing income, generally based on the profitability of the underlying book of business of the policies it generates on behalf of its Insurance Company Partners; and (iv) fees from service fee arrangements, which are in place with certain customers for a negotiated fee.

UCTS commissions and fees increased $15.4 million and $52.0 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, due to higher core commissions and fees, which grew organically by 31% and 36% for the comparative periods, respectively. Growth in our core commissions and fees was driven by continued outperformance in our multi-family business (accounting for $10.9 million and $29.3 million of the quarter and year-to-date increases in core commissions and fees, respectively), momentum in our homeowners (accounting for $8.9 million and $27.5 million of the quarter and year-to-date increases in core commissions and fees, respectively) and commercial umbrella products (accounting for $2.2 million and $9.8 million of the of the quarter and year-to-date increases in core commissions and fees, respectively), and growing contribution from our reinsurance brokerage business and commercial property program. These increases were partially offset by reductions in profit-sharing revenue for each of the periods, which is primarily a function of strong profit sharing revenue in the 2023 periods, driven by both historically strong underwriting performance in the 2023 periods and timing differences. In addition, our Wholesale Business, which was sold in the first quarter of 2023, generated $9.3 million of commissions and fees during the third quarter of 2023 and $21.3 million of commissions and fees between March and September of 2023, for which there were no comparable revenues earned in 2024.

The initial term for the QBE Program Administrator Agreement expires in May of 2025, but has an extended term through May of 2027 during which MSI is required to assist QBE in arranging adequate reinsurance covering the business to be written between May 2025 and May 2027. The Company is currently working to assist QBE in arranging the reinsurance required to extend the QBE Program Administrator Agreement through May 2027.

Investment Income

UCTS investment income increased $0.4 million and $1.5 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, due to improvements in our cash management strategy and growing yield on our invested cash.

Commissions, Employee Compensation and Benefits

Commissions, employee compensation and benefits expense for UCTS includes both outside commissions paid to partners that distribute our MGA products and compensation paid to Colleagues. Commissions, employee compensation and benefits expense for UCTS increased $15.4 million and $47.8 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, primarily driven by outside commissions, which increased $13.9 million, or 23%, for the quarter, and $40.3 million, or 26%, for the year-to-date period, in line with the growth in UCTS' core commissions and fees. The year-to-date period also included increases in benefits and other expense of $5.0 million and Colleague compensation of $4.8 million, driven by continued investments in headcount to support the growth of existing and new products, coupled with an increase in Colleague compensation allocated to UCTS that was previously recognized in Corporate and Other.

Other Operating Expenses

Other operating expenses for UCTS increased $0.8 million and $1.9 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively. The increase in other operating expenses for the year-to-date period was driven by higher costs due to fulfilling certain administrative functions on behalf of Insurance Company Partners (including an increase in payment processing fees) of $2.9 million, generally higher costs to support the growth of the business and the launch of new products of $1.8 million, travel and entertainment of $0.8 million to support our growth, and legal claims and settlement expense of $0.7 million. These increases were offset in part by reductions in Partnership integration expenses of $2.9 million and professional fees of $1.3 million.

Amortization Expense

UCTS amortization expense decreased $0.1 million and $1.2 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, primarily due to the write-off of intangible assets in connection with the sale of our Wholesale Business during the first quarter of 2024.

Change in Fair Value of Contingent Consideration

Change in fair value of contingent consideration for UCTS was a $3.0 million loss for the quarter ended September 30, 2024 compared to a $5.5 million loss for the same period of 2023, and a $7.4 million loss for the year-to-date period ended September 30, 2024 compared to a $17.7 million loss for the same period of 2023. The fair value losses related to contingent consideration for 2024 were impacted by positive changes in revenue growth trends of certain partners and accretion of the contingent earnout obligations approaching their respective measurement dates.

Total Other Income

Total other income for UCTS of $34.1 million for the year-to-date period ended September 30, 2024 was driven by a $35.1 million gain recorded in connection with the sale of our Wholesale Business during the first quarter of 2024.

MAINSTREET INSURANCE SOLUTIONS OPERATING GROUP RESULTS

MIS offers personal insurance, commercial insurance, and life and health solutions to individuals and businesses in their communities, with a focus on accessing clients via sheltered distribution channels, which include, but are not limited to, new home builders, realtors, mortgage originators/lenders, master planned communities, and various other community centers of influence. MIS also offers consultation for government assistance programs and solutions, including traditional Medicare, Medicare Advantage and Affordable Care Act, to seniors and eligible individuals through a network of primarily independent contractor agents.

	For the Three Months Ended September 30,		Variance		For the Nine Months Ended September 30,		Variance	
(in thousands, except percentages)	**2024**	**2023**	**Amount**	**%**	**2024**	**2023**	**Amount**	**%**
Revenues:								
Commissions and fees	$ 70,658	$ 62,297	$ 8,361	13 %	$ 209,422	$ 174,114	$ 35,308	20 %
Operating expenses:								
Commissions, employee compensation and benefits	42,372	37,536	4,836	13 %	131,603	109,257	22,346	20 %
Other operating expenses	9,123	7,769	1,354	17 %	25,765	23,243	2,522	11 %
Amortization expense	6,368	5,701	667	12 %	18,945	17,160	1,785	10 %
Change in fair value of contingent consideration	211	494	(283)	(57)%	212	1,289	(1,077)	(84)%
Depreciation expense	190	151	39	26 %	528	419	109	26 %
Total operating expenses	58,264	51,651	6,613	13 %	177,053	151,368	25,685	17 %
Operating income	12,394	10,646	1,748	16 %	32,369	22,746	9,623	42 %
Total other income (expense), net	4	(13)	17	(131)%	2	29	(27)	(93)%
Income before income taxes	$ 12,398	$ 10,633	$ 1,765	17 %	$ 32,371	$ 22,775	$ 9,596	42 %

Commissions and Fees

MIS generates (i) commissions for placing insurance policies on behalf of its Insurance Company Partners; (ii) profit-sharing income based on either the underlying book of business or performance, such as loss ratios; and (iii) commissions and fees in the form of marketing income, which is earned through co-branded marketing campaigns with our Insurance Company Partners.

MIS commissions and fees increased $8.4 million and $35.3 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, due to higher core commissions and fees, which grew organically by $6.2 million, or 11%, for the quarter, and $31.4 million, or 20%, for the year-to-date period. Key drivers of the organic growth in MIS core commissions and fees included our Westwood Partner (accounting for $3.2 million and $15.8 million of the quarter and year-to-date increases in core commissions and fees, respectively), our legacy Mainstreet business (accounting for $2.5 million and $12.0 million of the quarter and year-to-date increases in core commissions and fees, respectively), and the national mortgage and real estate channel (accounting for $0.5 million and $3.6 million of the quarter and year-to-date increases in core commissions and fees, respectively). In addition, MIS profit-sharing and other revenue increased $2.2 million and $4.1 million for the quarter and year-to-date periods, respectively, primarily resulting from improvements in loss ratios and the number of policies sold.

Commissions, Employee Compensation and Benefits

Commissions, employee compensation and benefits expense for MIS increased $4.8 million and $22.3 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, primarily due to outside commissions, which increased $3.2 million, or 20%, for the quarter, and $12.8 million, or 28%, for the year-to-date period, relating to growth in our Westwood and legacy Mainstreet businesses. The quarter and year-to-date periods also included higher Colleague compensation of $0.7 million and $6.1 million, respectively, driven by continued investments in headcount to support our growth, coupled with an increase in Colleague compensation allocated to MIS that was previously recognized in Corporate and Other.

Other Operating Expenses

Other operating expenses for MIS increased $1.4 million and $2.5 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively. The increase in other operating expenses for the quarter and year-to-date periods was driven by higher technology-related costs to support the growth of the business of $0.3 million and $0.9 million, respectively, licenses and taxes of $0.2 million and $0.5 million, respectively, travel and entertainment of $0.2 million and $0.4 million, respectively, and advertising and marketing of $0.4 million and $0.1 million, respectively.

Amortization Expense

MIS amortization expense increased $0.7 million and $1.8 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, primarily driven by higher amortization of intangible assets recorded in connection with our Westwood Partnership, which are amortized based on a pattern of estimated economic benefit.

CORPORATE AND OTHER RESULTS

	For the Three Months Ended September 30,		Variance		For the Nine Months Ended September 30,		Variance	
(in thousands, except percentages)	**2024**	**2023**	**Amount**	**%**	**2024**	**2023**	**Amount**	**%**
Revenues:								
Commissions and fees	$ (21,701)	$ (18,901)	$ (2,800)	15 %	$ (57,770)	$ (49,156)	$ (8,614)	18 %
Investment income	849	52	797	n/m	1,507	791	716	91 %
Total revenues	(20,852)	(18,849)	(2,003)	11 %	(56,263)	(48,365)	(7,898)	16 %
Operating expenses:								
Commissions, employee compensation and benefits	(12,486)	(3,299)	(9,187)	n/m	(29,911)	11,114	(41,025)	n/m
Other operating expenses	8,532	9,221	(689)	(7)%	23,632	27,665	(4,033)	(15)%
Amortization expense	246	36	210	n/m	572	42	530	n/m
Depreciation expense	853	755	98	13 %	2,534	2,216	318	14 %
Total operating expenses	(2,855)	6,713	(9,568)	(143)%	(3,173)	41,037	(44,210)	(108)%
Operating loss	(17,997)	(25,562)	7,565	(30)%	(53,090)	(89,402)	36,312	(41)%
Other expense:								
Interest expense, net	(31,346)	(30,574)	(772)	3 %	(94,230)	(87,781)	(6,449)	7 %
Loss on extinguishment and modification of debt	(389)	—	(389)	n/m	(15,068)	—	(15,068)	n/m
Other expense, net	(35)	(1,177)	1,142	(97)%	(188)	(848)	660	(78)%
Total other expense, net	(31,770)	(31,751)	(19)	— %	(109,486)	(88,629)	(20,857)	24 %
Loss before income taxes	$ (49,767)	$ (57,313)	$ 7,546	(13)%	$ (162,576)	$ (178,031)	$ 15,455	(9)%

n/m not meaningful

Commissions and Fees

Corporate and Other records the elimination of intercompany commissions revenue from the Operating Groups. During the quarter and year-to-date periods ended September 30, 2024, UCTS recorded commissions revenue shared within the same Operating Group of $3.6 million and $10.3 million, respectively; UCTS recorded commissions revenue passed through to other Operating Groups of $17.9 million and $46.3 million, respectively; and MIS recorded commissions revenue shared within the same Operating Group of $0.2 million and $1.2 million, respectively.

A substantial portion of the intercompany commissions revenue recorded during the year-to-date period is related to the QBE Program Administrator Agreement. We expect intercompany commissions revenue to continue to grow as we serve as the MGA on more intersegment revenue such as homeowners insurance sold through MIS.

Commissions, Employee Compensation and Benefits

Commissions, employee compensation and benefits expense in Corporate and Other decreased $9.2 million and $41.0 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, driven by a reduction in Colleague compensation of $7.3 million and $30.9 million, respectively, due in part to a decrease in corporate-related headcount, including the retirement of two of our executive officers at the end of 2023, coupled with a decrease in Colleague compensation previously recognized in Corporate and Other that is now allocated to the Operating Groups. In addition, intercompany commissions expense eliminations increased $2.8 million and $8.6 million for the quarter and year-to-date periods, respectively.

A significant portion of the year-over-year increase in intercompany commissions expense eliminated through Corporate and Other is related to the QBE Program Administrator Agreement. We expect intercompany commissions expense to continue to grow as we serve as the MGA on more intersegment revenue such as homeowners insurance sold through MIS.

Other Operating Expenses

Other operating expenses in Corporate and Other decreased $0.7 million for the quarter ended September 30, 2024 compared to the same period of 2023 due, in part, to certain cost saving measures we have implemented, including the renegotiation of vendor contracts, and operational efficiencies gained from Partnership integration projects by our Operating Groups during 2023, offset in part by higher costs incurred in connection with our rebranding.

Other operating expenses in Corporate and Other decreased $4.0 million for the year-to-date period ended September 30, 2024 compared to the same period of 2023 due to reductions in professional fees of $2.2 million, travel and entertainment of $1.6 million, infrastructure-related costs of $1.2 million and rent expense of $0.7 million. These cost savings are due, in part, to certain cost saving measures we have implemented, including the renegotiation of vendor contracts, and operational efficiencies gained from Partnership integration projects by our Operating Groups. These decreases were offset in part by higher licenses and taxes expense of $1.0 million and higher advertising and marketing costs of $0.7 million connected to our rebranding.

Interest Expense, Net

Interest expense, net, in Corporate and Other increased $0.8 million and $6.4 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, resulting from higher average borrowings, offset in part by lower average interest rates resulting from the May 2024 debt refinancing. We expect interest expense to remain relatively flat or increase slightly in the near-term on a year-over-year basis.

Loss on Extinguishment and Modification of Debt

Loss on extinguishment and modification of debt in Corporate and Other of $15.1 million for the year-to-date period ended September 30, 2024 relates to the May 2024 debt refinancing.

Other Expense, Net

Other expense, net, in Corporate and Other decreased $1.1 million and $0.7 million for the quarter and year-to-date periods ended September 30, 2024 compared to the same periods of 2023, respectively, driven by losses recognized on interest rate caps during the 2023 periods in connection with an interest rate cap that expired in March 2024.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs for the foreseeable future will include cash to (i) provide capital to facilitate the organic growth of our business and to fund future Partnerships, (ii) pay operating expenses, including cash compensation to our Colleagues and expenses related to being a public company, (iii) make payments under the Tax Receivable Agreement, (iv) pay interest and principal due on borrowings under the 2024 Credit Facility and the Senior Secured Notes, (v) pay contingent earnout liabilities, (vi) pay income taxes, and (vii) fund potential investments in third party businesses that support the growth of our business, which may include Emerald Bay or sponsorship of, and a minority, non-controlling interest in, other investment funds, the purpose of which may include facilitating the establishment of additional and alternative capacity that supports the growth of our MSI business.

We have historically financed our operations and funded our debt service through the sale of our insurance products and services, and we have financed significant cash needs to fund growth through the acquisition of Partners through debt and equity financing.

On May 24, 2024, we repaid in full our then-outstanding debt with proceeds from an offering of $600 million in aggregate principal amount of 7.125% senior secured notes due May 15, 2031 (the "Senior Secured Notes") and borrowings under a new $840 million senior secured first lien term loan facility maturing May 24, 2031 (the "2024 Term Loan"). In connection with the refinancing, we also established a new senior secured first lien revolving facility with commitments in an aggregate principal amount of $600 million maturing May 24, 2029 (the "2024 Revolving Facility" and, together with the 2024 Term Loan, the "2024 Credit Facility"). Proceeds from the issuance of the Senior Secured Notes and the 2024 Term Loan were also used to pay related fees, costs, expenses and accrued interest. Refer to Note 8 to our condensed consolidated financial statements included in Part I, Item 1. Financial Statements of this report for more information relating to the terms of the Senior Secured Notes and 2024 Credit Facility.

In the near term, we intend to fund our earnout obligations with cash and cash equivalents, including unused proceeds from the issuance of the Senior Secured Notes and the 2024 Term Loan, cash flow from operations and available borrowings under the 2024 Revolving Facility. From time to time, we will consider raising additional debt or equity financing if and as necessary to support our growth, including in connection with the exploration of Partnership opportunities or to refinance existing obligations on an opportunistic basis.

As of September 30, 2024, our cash and cash equivalents were $181.8 million and we had $600.0 million of available borrowing capacity on the 2024 Revolving Facility. We believe that our cash and cash equivalents, cash flow from operations and available borrowings will be sufficient to fund our working capital and meet our commitments for the next twelve months and beyond.

Contractual Obligations and Commitments

The following table represents our contractual obligations and commitments, aggregated by type, at September 30, 2024:

		Payments Due by Period			
(in thousands)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Operating leases[(1)]	$ 99,401	$ 21,801	$ 38,964	$ 28,792	$ 9,844
Debt obligations payable[(2)]	2,173,106	118,167	235,243	232,523	1,587,173
Undiscounted estimated contingent earnout obligation[(3)]	205,217	202,005	3,212	—	—
USF Grant	4,200	848	1,720	1,632	—
Total	$ 2,481,924	$ 342,821	$ 279,139	$ 262,947	$ 1,597,017

(1) Represents noncancelable operating leases for our facilities. Operating lease expense was $16.2 million and $16.8 million for the nine months ended September 30, 2024 and 2023, respectively.
(2) Represents scheduled debt obligations and estimated interest payments for our Senior Secured Notes and 2024 Term Loan.
(3) Represents the total expected future payments to be made to Partners at September 30, 2024.

Our contractual obligations and commitments are comprised of operating lease obligations, principal and interest payments on our borrowings under the Senior Secured Notes and the 2024 Term Loan, estimated payments of contingent earnout liabilities and our commitment to the University of South Florida ("USF").

Our operating lease obligations represent noncancelable agreements for our corporate headquarters and office space for our insurance brokerage business. Our operating lease agreements expire through March 2032. These obligations do not include leases with an initial term of twelve months or less, which are expensed as incurred. We may extend, terminate or otherwise modify or sub-lease facilities as needed to best suit the needs of our business. The lease term is the non-cancelable period of the lease and includes options to extend or terminate the lease when it is reasonably certain that an option will be exercised.

Our debt obligations at September 30, 2024 include borrowings outstanding under the Senior Secured Notes of $600 million and the 2024 Term Loan of $837.9 million. Estimated interest payments for outstanding borrowings on the Senior Secured Notes and 2024 Term Loan in the table above were calculated based on the applicable interest rates at September 30, 2024 of 7.125% and 8.10%, respectively, through their respective due dates of May 15, 2031 and May 24, 2031.

Substantially all of our Partnerships and certain acquisitions of select books of business that do not constitute a complete business enterprise include contractual earnout provisions. We record an estimation of the fair value of the contingent earnout obligations at the Partnership date as a component of the consideration paid. Our contingent earnout obligations are measured at fair value each reporting period based on the present value of the expected future payments to be made to Partners in accordance with the provisions outlined in the respective purchase agreements. The recorded obligations are based on estimates of the Partners' future performance using financial projections for the earnout period. The aggregate estimated contingent earnout liabilities included on our condensed consolidated balance sheet at September 30, 2024 was $203.8 million, of which $4.5 million must be settled in cash and the remaining $199.3 million can be settled in cash or stock at our option. The undiscounted estimated contingent earnout obligation presented in the table above represents the total expected future payments to be made to the Partners. The undiscounted estimated contingent earnout obligation at September 30, 2024 was $205.2 million, of which $5.0 million must be settled in cash and the remaining $200.2 million can be settled in cash or stock at our option. The maximum estimated exposure to the contingent earnout liabilities was $329.2 million at September 30, 2024.

As of September 30, 2024, we have a remaining commitment to USF to donate $4.2 million through October 2028. The gift will provide support for the School of Risk Management and Insurance in the USF Muma College of Business. It is currently anticipated that Lowry Baldwin, our Chairman, will fund half of this commitment.

Tax Receivable Agreement

We expect to obtain an increase in our share of the tax basis in the assets of Baldwin Holdings when its LLC Units are redeemed or exchanged for shares of Baldwin's Class A common stock. This increase in tax basis may have the effect of reducing the future amounts paid to various tax authorities. The increase in tax basis may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

We have a Tax Receivable Agreement that provides for the payment by us to the parties to the Tax Receivable Agreement of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of (i) any increase in tax basis in Baldwin's assets and (ii) tax benefits related to imputed interest deemed arising as a result of payments made under the tax receivable agreement.

During the nine months ended September 30, 2024, we redeemed 2,408,931 LLC Units of Baldwin Holdings on a one-for-one basis for shares of Class A common stock and cancelled the corresponding shares of Class B common stock. We receive an increase in our share of the tax basis in the net assets of Baldwin Holdings due to the interests being redeemed. We have assessed the realizability of the net deferred tax assets and in that analysis have considered the relevant positive and negative evidence available to determine whether it is more likely than not that some portion or all of the deferred tax assets will be realized. We have recorded a full valuation allowance against the deferred tax assets at Baldwin as of September 30, 2024, which will be maintained until there is sufficient evidence to support the reversal of all or some portion of these allowances.

Sources and Uses of Cash

The following table summarizes our cash flows from operating, investing and financing activities for the periods indicated:

	For the Nine Months Ended September 30,		
(in thousands)	**2024**	**2023**	**Variance**
Net cash provided by operating activities	$ 85,708	$ 22,799	$ 62,909
Net cash provided by (used in) investing activities	25,609	(16,948)	42,557
Net cash provided by (used in) financing activities	6,436	(41,928)	48,364
Net increase (decrease) in cash and cash equivalents and restricted cash	117,753	(36,077)	153,830
Cash and cash equivalents and restricted cash at beginning of period	226,963	230,471	(3,508)
Cash and cash equivalents and restricted cash at end of period	$ 344,716	$ 194,394	$ 150,322

Operating Activities

The primary sources and uses of cash for operating activities are net income (loss) adjusted for non-cash items and changes in assets and liabilities, or operating working capital, and payment of contingent earnout consideration. Net cash provided by operating activities increased $62.9 million year over year, driven by an increase in cash related to the change in premiums, commissions and fees receivable, net of accounts payable, accrued expenses and other current liabilities of $38.2 million relating to holding fiduciary cash on behalf of our insurance company partners, and better operating leverage year over year.

Investing Activities

The primary sources and uses of cash for investing activities relate to cash consideration paid to fund Partnerships and other investments to grow our business. Net cash provided by investing activities increased $42.6 million year over year driven by cash proceeds from divestitures, net of cash transferred of $57.0 million, relating primarily to the sale of our Wholesale Business during 2024, offset in part by a decrease in cash relating to higher capital expenditures of $14.7 million due to software development projects.

Financing Activities

The primary sources and uses of cash for financing activities relate to the issuance of our Class A common stock; debt servicing costs in connection with our long-term debt and revolving line of credit, as well as purchases, sales and settlements of interest rate caps to mitigate interest rate volatility on that debt; payment of contingent earnout consideration; and other equity transactions. Net cash provided by financing activities increased $48.4 million year over year driven by an increase in net proceeds from borrowings on our credit facilities of $102.4 million resulting from the May 2024 debt refinancing, inclusive of the deferred financing costs incurred, offset in part by a decrease in cash from additional payments of contingent earnout consideration classified as financing activity of $37.9 million, an increase in tax distributions to Baldwin Holdings members of $10.7 million relating to the sale of our Wholesale Business during 2024, and fewer cash settlements from interest rate caps of $5.6 million.

CRITICAL ACCOUNTING ESTIMATES

Our consolidated financial statements are prepared in accordance with GAAP, which requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Our estimates, judgments and assumptions are continually evaluated based on historical experience, known or expected trends, independent valuations and other factors we believe to be reasonable under the circumstances. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

There have been no material changes in our critical accounting policies during the nine months ended September 30, 2024 as compared to those disclosed in the Critical Accounting Policies and Estimates section under Management’s Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2023.

RECENT ACCOUNTING PRONOUNCEMENTS

Please refer to Note 1 to our condensed consolidated financial statements included in Part I, Item 1. Financial Statements of this report for a discussion of recent accounting pronouncements that may impact us.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential loss arising from adverse changes in market rates and prices, such as premium amounts, interest rates and equity prices. We are exposed to market risk through our investments and borrowings under the 2024 Credit Facility. We use derivative instruments to mitigate our risk related to the effect of rising interest rates on our cash flows. However, we do not use derivative instruments for trading or speculative purposes.

Our invested assets are held primarily as cash and cash equivalents and restricted cash. To a lesser extent, we may also utilize certificates of deposit, U.S. treasury securities and professionally managed short duration fixed income funds. These investments are subject to market risk. The fair value of our invested assets at September 30, 2024 and December 31, 2023 approximated their respective carrying values due to their short-term duration and therefore, such market risk is not considered to be material.

At September 30, 2024, we had $837.9 million of borrowings outstanding under the 2024 Term Loan and no outstanding borrowings under our 2024 Revolving Facility. The 2024 Term Loan bears interest based on a variable rate of term SOFR, plus an applicable margin of 325 bps. An increase of 100 basis points on the term SOFR rate at September 30, 2024 would have increased our annual interest expense for the 2024 Credit Facility by $8.4 million.

Other than the entry into the 2024 Credit Facility and the expiration of our $300.0 million notional, 1.50% interest rate cap on March 10, 2024, there have been no material changes in market risk from the information presented in Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk in our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2024 to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our senior management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2024, which were identified in connection with management’s evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Please refer to Note 13 to our condensed consolidated financial statements included in Part I, Item 1. Financial Statements of this report for a discussion of legal proceedings to which the Company is subject.

ITEM 1A. RISK FACTORS

See the risk factors outlined under Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 28, 2024.

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

Sales of Unregistered Securities

None.

Issuer Repurchases of Equity Securities

The following table provides information about our repurchase of shares of our Class A common stock during the three months ended September 30, 2024:

	Total Number of Shares Purchased[(1)]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Value that may yet be Purchased under the Plans or Programs
July 1, 2024 to July 31, 2024	48,517	$ 37.37	—	$ —
August 1, 2024 to August 31, 2024	28,690	41.63	—	—
September 1, 2024 to September 30, 2024	3,227	46.00	—	—
Total	80,434	$ 39.24	—	$ —

(1) We purchased 80,434 shares during the three months ended September 30, 2024, which were acquired from our employees to cover required tax withholding on the vesting of shares granted under our Omnibus Incentive Plan or Partnership Inducement Award Plan.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Insider Trading Arrangements and Policies

During the quarter ended September 30, 2024, none of our directors or officers adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

Adoption of Executive Severance Plan

On October 30, 2024, upon the recommendation of its Compensation Committee, the Board of Directors of the Company adopted and approved The Baldwin Insurance Group Holdings, LLC Executive Severance and Change in Control Benefit Program (the “Severance Plan”), effective November 1, 2024. The Severance Plan provides severance benefits to the Company’s executive officers and certain other eligible employees in the event of certain terminations of their employment and in connection with a Change in Control (as defined in the Severance Plan).

Retirement

Subject to the executive's execution of a general release of liability in favor of the Company and compliance with the terms of a restrictive covenant agreement for five years following the retirement date, the Plan provides for retirement benefits to a retiring participant who either (i) is at least 50 years of age with more than 10 years of service to the Company, or (ii) has been continuously employed with the Company since its October 2019 initial public offering, including:

- payment of any earned but unpaid bonus under the Company's annual incentive plan ("AIP") for the completed prior year if the retirement date occurs prior to the scheduled date of the payment for such bonus;
- a portion of the retiring executive's AIP payment for the year in which retirement occurs, determined in accordance with the applicable criteria under the AIP (assuming the "Target" threshold was achieved) and pro-rated for the time in the executive's role for such year; and
- continued vesting of time-based and performance-based equity awards granted to the executive under the Company's Omnibus Incentive Plan.

Qualifying Separation from Service With No Change in Control

The Severance Plan provides for the payment of severance and other benefits to each participating executive in the event of a termination of employment by the Company without Cause (as defined in the Severance Plan) or due to the executive's voluntary resignation for Good Reason (as defined in the Severance Plan). The Severance Plan defines each event as a "Qualifying Separation from Service." In the event of a Qualifying Separation from Service, subject to the executive's execution of a general release of liability in favor of the Company and compliance with the terms of any restrictive covenant agreement for two years following the Qualifying Separation from Service, the Severance Plan provides for the following payments and benefits:

- a severance payment (paid over an 18-month period) calculated as base salary multiplied by one- and one-half in the case of the Chief Executive Officer, Chief Financial Officer, the President of The Baldwin Group and CEO of Retail Brokerage Operations, and the President of The Baldwin Group and CEO of Underwriting, Capacity & Technology Operations (collectively, the "Group 1 Executives") or a severance payment (paid over a 12-month period) calculated as base salary multiplied by one in the case of the Chief Accounting Officer, General Counsel, Chief Colleague Officer, Chief Marketing Officer, and Chief Digital and Information Officer of the Company (collectively, the "Group 2 Executives");
- payment of any earned but unpaid bonus under the Company's AIP for the completed prior year if the Qualifying Separation from Service occurs prior to the scheduled date of the payment for such bonus;
- a portion of the executive's AIP payment for the year in which the Qualifying Separation from Service occurs, determined in accordance with the applicable criteria (assuming the "Target" threshold was achieved) under the AIP and pro-rated for the time in the executive's role for such year;
- continued vesting of time-based equity awards under the Company's Omnibus Incentive Plan; and
- payment of the executive's premiums under the Consolidated Budget Reconciliation Act of 1985, as amended from time to time ("COBRA") for a period of up to 12 months following the Qualifying Separation from Service.

Changes in Control

The Severance Plan also provides for the payment of enhanced severance and other benefits to executives in the event of a Change in Control during the Protected Period (as defined in the Severance Plan). In the event of a Change in Control not involving a Qualifying Separation from Service within the period beginning 90 days before the Change in Control and ending on the date 12 months following the Change in Control (the "Change in Control Period"), the Severance Plan provides the following payments and benefits to the executives:

- continued participation in the applicable bonus program pursuant to the Company's AIP or bonus provided by the executive's employment agreement in the event the AIP or such employment agreement is assumed by the acquiror, or payment of a pro-rated bonus (assuming the "Target" threshold was achieved) based on the portion of the current year in which the executive was employed by the Company prior to the Change in Control in the event the AIP or employment agreement is not assumed by the acquiror; and

- continued vesting of time-based and performance-based equity awards under the Company's Omnibus Incentive Plan in the event the Company's Omnibus Incentive Plan is assumed by the acquiror or accelerated vesting of time-based and performance-based equity awards under the Company's Omnibus Incentive Plan in the event the Company's Omnibus Incentive Plan is not assumed by the acquiror (with such acceleration effective as of date of the Change in Control with any applicable performance-based vesting determined in good faith by the Compensation Committee upon such Change in Control, treating the effective date of such Change in Control as the last day of the applicable performance period).

In the event of a Qualifying Separation from Service during the Change in Control Period, and subject to the executive's execution of a general release of liability in favor of the Company and compliance with the terms of any restrictive covenant agreement for two years following the Qualifying Separation from Service, the Severance Plan provides the following payments and benefits to the executives:

- a severance payment (paid over a 24-month period) calculated as base salary multiplied by two in the case of the Group 1 Executives or a severance payment (paid over a 12-month period) calculated as base salary multiplied by one in the case of the Group 2 Executives;
- payment of any earned but unpaid bonus under the Company's AIP for the completed prior year if the Qualifying Separation from Service occurs prior to the scheduled date of the payment for such bonus;
- a portion of the executive's AIP payment for the year in which the Qualifying Separation from Service occurs, determined in accordance with the applicable criteria under the AIP (assuming the "Target" threshold was achieved) and pro-rated for the time in the executive's role for such year;
- accelerated vesting of time-based and performance-based equity awards under the Company's Omnibus Incentive Plan (with such acceleration effective as of the date of the Qualifying Separation from Service with any applicable performance-based vesting determined in good faith by the Compensation Committee upon such Change in Control, treating the effective date of such Change in Control as the last day of the applicable performance period); and
- payment of the executive's COBRA premiums for a period of up to twelve months following the Qualifying Separation from Service.

The above description is a summary of the terms of the Severance Plan and is subject to, and qualified in its entirety by, the terms of the Severance Plan, a copy of which is included in this report as Exhibit 10.1 and incorporated herein by reference.

ITEM 6. EXHIBITS

The following exhibits are filed as a part of this Quarterly Report on Form 10-Q:

Exhibit No.	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 of the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 31, 2019).
3.2	Certificate of Amendment to the Company's Amended and Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 of the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 15, 2020).
3.3	Certificate of Amendment to the Company's Amended and Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.3 of the registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 7, 2024).
3.4	Second Amended and Restated By-Laws of the Company (incorporated herein by reference to Exhibit 3.4 of the registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 7, 2024).
3.5	First Amendment to the Second Amended and Restated By-laws of The Baldwin Insurance Group, Inc. (incorporated herein by reference to Exhibit 3.1 of the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 31, 2024).
10.1*	The Baldwin Insurance Group Holdings, LLC Executive Severance and Change in Control Benefit Program, dated as of November 1, 2024
10.2*	Form of Acknowledgement of The Baldwin Insurance Group Holdings, LLC Executive Severance and Change in Control Benefit Program
31.1*	Certification of the Registrant's Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Registrant's Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32**	Certification of the Registrant's Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted in inline XBRL and included in Exhibit 101)

* Filed herewith

** Furnished herewith and as such are deemed not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		The Baldwin Insurance Group, Inc.
Date: November 4, 2024	By:	/s/ Trevor L. Baldwin
		Trevor L. Baldwin
		Chief Executive Officer
Date: November 4, 2024	By:	/s/ Bradford L. Hale
		Bradford L. Hale
		Chief Financial Officer

Exhibit 10.1

THE BALDWIN INSURANCE GROUP HOLDINGS, LLC EXECUTIVE SEVERANCE AND CHANGE IN CONTROL BENEFIT PROGRAM

November 1, 2024

THE BALDWIN INSURANCE GROUP HOLDINGS, LLC
EXECUTIVE SEVERANCE AND CHANGE IN CONTROL
BENEFIT PROGRAM

November 1, 2024

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THE BALDWIN INSURANCE GROUP HOLDINGS, LLC
EXECUTIVE SEVERANCE AND CHANGE IN CONTROL
BENEFIT PROGRAM

November 1, 2024

This Executive Severance and Change in Control Benefit Program (this "Program") is hereby established as of November 1, 2024 (the "Effective Date") by The Baldwin Insurance Group Holdings, LLC.

1. Background. The purpose of this Program is to provide certain Executives who are in a position to contribute materially to the success of the Company with reasonable benefits in the event of a Qualifying Separation from Service and/or a Change in Control. The Company recognizes that when a Qualifying Separation from Service or a Change in Control occurs or is anticipated, the continued employment of an Executive may be uncertain without regard to such Executive's competence or past contributions.

The Company recognizes that this uncertainty may result in the departure of an Executive to the detriment of the Company and its shareholders. The Company desires to provide each Executive with the benefits set forth in this Agreement in order to protect against the security of a Qualifying Separation from Service and to secure the continued services of the Executives in the event of a Change in Control or anticipated Change in Control.

This Program also provides for limited benefits for certain Executives severing employment voluntarily after meeting certain minimum age and service requirements.

The terms and provisions under this Program shall supersede any conflicting provisions regarding severance, vesting or other similar provisions set forth in any separate individual employment agreement, Award Agreement or other agreement entered into between the Company (or any other applicable member of the Company Group) and the Executive (collectively, referred to herein as the "Related Agreements"), provided that all other provisions of such agreements shall continue to apply.

2. Definitions. For purposes of this Program, the following terms have the meanings set forth below:

(a) "Award" has the meaning set forth in the Incentive Plan.

(b) "Award Agreement" means any contract or other instrument or document (including in electronic form) evidencing any Award granted to an Executive pursuant to the terms of the Incentive Plan, including any applicable Performance-Based Restricted Stock Unit Award Agreement or Restricted Stock Award Agreement previously entered into between Baldwin and any Executive.

(c) "Baldwin" means The Baldwin Insurance Group, Inc. (f/k/a BRP Group, Inc.), a Delaware corporation and the managing member of the Company.

(d) “Base Salary” means, with respect to any period, the Executive’s base salary. For the avoidance of doubt, “Base Salary” does not include any other compensation paid or provided to the Executive, including any cash bonuses, in-kind benefits, any matching employer contributions or non-elective employer contributions to the Executive’s 401(k) plan, any expense reimbursements or any income from the grant, vesting or exercise of any equity or equity-linked compensation awards (such as stock options, restricted shares, stock appreciation rights, restricted stock units, performance shares or performance units).

(e) “Board” means the Board of Directors of Baldwin, as the managing member of the Company.

(f) “Cause” means, with respect to an Executive, any of the following, as determined by the Company: (i) Executive has engaged in conduct which has caused, or is reasonably likely to cause, demonstrable and substantial injury to the Company Group, its business or its reputation; (ii) Executive has engaged in any acts of theft, conversion, embezzlement, fraud or material dishonesty against or at the expense of the Company Group; (iii) Executive has been indicted for (or its procedural equivalent), convicted of, or enters a plea of guilty or nolo contendere to, a felony or other criminal act involving fraud, dishonesty, money laundering, embezzlement or moral turpitude; (iv) Executive has been grossly negligent or has engaged in willful misconduct in connection with the performance of Executive’s duties and responsibilities to the Company Group or has materially violated any policies of the Company or the Company Group applicable to Executive resulting in material harm to the Company or Company Group; (v) Executive (A) has refused to substantially perform Executive’s duties and responsibilities, (B) persistently neglects Executive’s duties and responsibilities, or (C) experiences chronic unapproved absenteeism (other than reasonable periods of disability or illness); (vi) Executive’s (A) breach of any fiduciary duty owed to the Company Group, (B) unauthorized disclosure or misappropriation of trade secrets or other material confidential information of the Company Group, or (C) breach of any restrictive covenants applicable to such Executive, including those in the applicable Restrictive Covenants Agreement, or (vii) an action taken by a governmental authority, regulatory body or self-regulatory organization that substantially impairs Executive from performing Executive’s duties, or an act or omission of Executive that could form the basis for a denial of an application, or otherwise could result in the termination, cancellation, or suspension of any license, right, permit or authorization required by law or any regulatory authority for the Executive to perform Executive’s duties or for the Company Group to operate its business. In each case with respect to the preceding clauses (v)(A), (v)(B) and (v)(C), which if capable of being cured, is not cured by Executive within thirty (30) days following receipt of notice of such unacceptable behavior from the Company; provided, that no such cure period shall apply, and no such notice shall be required, in the event that Executive is found to have engaged in conduct warranting termination for Cause on more than two occasions (and the Company has properly provided notice of the first two violations as applicable).

(g) “Change in Control” has the meaning set forth in the Incentive Plan.

(h) “Clawback Policy” means The Baldwin Group Clawback Policy, as may be in effect from time to time.

(i) “Code” has the meaning set forth in the Incentive Plan.

(j) “Committee” has the meaning set forth in the Incentive Plan.

(k) “Company” means The Baldwin Insurance Group Holdings, LLC, a Delaware limited liability company (or such successor or assignee thereto as provided in Section 8).

(l) “Company Group” means the Company and its current and future, direct and indirect, subsidiaries, parent company, affiliates, joint ventures and other related entities.

(m) “Delay Period” has the meaning set forth in Section 4(c)(ii).

(n) “Disability” means a condition entitling Executive to benefits under the Company’s long-term disability plan, policy or arrangement in which Executive participates; provided, however, that if no such plan, policy or arrangement is then maintained by the Company and applicable to the Executive, “Disability” shall mean Executive’s inability to perform, with or without reasonable accommodation, Executive’s duties, responsibilities and functions of Executive’s position with the Company Group due to a mental or physical condition that can be expected to result in death or that can be expected to last (or has already lasted) for a continuous period of 90 days or more, or for an aggregate of 180 days in any 365 consecutive day period, as determined by the Company in its good faith discretion.

(o) “Effective Date” has the meaning set forth in the first paragraph of this Program.

(p) "Executive" means, individually and collectively, each Group 1 Executive and each Group 2 Executive.

(q) “Good Reason” means the occurrence, without Executive’s consent, of any of the following events: (i) relocation of Executive’s principal place of employment to a location more than forty (40) miles from the Executive's principal work location (excluding travel required to fulfill Executive’s duties, authorities and responsibilities to the Company Group, including regular travel to, and working out of, the Company’s headquarters in Tampa, Florida); (ii) a material reduction in Executive’s Base Salary (other than a proportionate salary reduction that applies as part of a reduction to substantially all similarly situated senior executives of the Company); or (iii) a material diminution in Executive’s authority, duties, or responsibilities (other than (A) temporarily while Executive is physically or mentally incapacitated or as required by applicable law, or (B) any change arising from an acquisition or divestiture by, or internal reorganization of, the Company Group). Prior to any resignation for Good Reason, Executive is required to give written notice to the Company of Executive’s intent to resign for Good Reason, describing the reason for the resignation in sufficient detail in order to allow the Company the opportunity to address the situation. Such notice must be provided to the Company within sixty (60) days of the event(s) constituting Good Reason and must be given to the Company at least thirty (30) days in advance of the effective date of resignation. The Company shall be entitled to thirty (30) days after the date of the Company’s receipt of Executive’s written notice during which the Company can cure the situation. If the situation has not been cured within thirty (30) days after the date of Executive’s written notice, Executive may then resign for Good Reason, by written notice, effective immediately, which date shall be the effective date of resignation. Where the Company fails to cure, Executive must terminate employment within thirty (30) days of the expiration of the cure period to preserve Executive's claim of Good Reason. For avoidance of doubt, Good Reason shall not exist following an isolated, insubstantial or inadvertent action that (x) is not taken in bad faith, or (y) is remedied within the cure period described in the preceding sentences.

(r) "Group 1 Executive" means, as of the applicable date, each employee of the Company Group holding one of the following positions with the following titles (or any applicable successor title in the event of a title change with no change in responsibilities): (i) Chief Executive Officer of the Company, (ii) Chief Financial Officer of the Company, (iii) President, The Baldwin Group and Chief Executive Officer, Retail Brokerage Operations, or (iv) President, The Baldwin Group and Chief Executive Officer, Underwriting, Capacity & Technology Operations.

(s) "Group 2 Executive" means, as of the applicable date, each employee of the Company Group holding one of the following positions with the following titles (or any applicable successor title in the event of a title change with no change in responsibilities): (i) Chief Accounting Officer of the Company, (ii) General Counsel of the Company, (iii) Chief Colleague Officer of the Company, (iv) Chief Marketing Officer of the Company, or (v) Chief Digital and Information Officer of the Company.

(t) "Incentive Plan" means the BRP Group, Inc. Omnibus Incentive Plan (or any successor plan, in each case, as amended from time to time).

(u) "Involuntary Separation from Service" means a Separation from Service that occurs due to the independent exercise of the unilateral authority of the Service Recipient to terminate the Executive's services, other than due to the Executive's implicit or explicit request, where the Executive is willing and able to continue performing services. The foregoing definition is intended to meet the definition of an "involuntary separation from service" within the meaning of Treasury Regulations Section 1.409A-1(n)(1), and shall be interpreted, construed, administered and applied consistently therewith.

(v) "Non-Qualifying Separation from Service" means, with respect to the Executive, any of the following: (i) an Involuntary Separation from Service for Cause, (ii) a Separation from Service by reason of the Executive's death or Disability, (iii) a Voluntary Early Retirement, or (iv) a voluntary Separation from Service that is not for Good Reason.

(w) "Performance Award" has the meaning set forth in the Incentive Plan.

(x) "Protected Period" means, as to each Executive, the period that commences (i) on the later of (A) the Effective Date or (B) the date the employee becomes an Executive and (ii) terminates on the earliest of (A) the date of the Executive's Non-Qualifying Separation from Service, or (B) ninety (90) days after the date of the Executive's Qualifying Separation from Service

(y) "Qualifying Separation from Service" means, with respect to the Executive, either (i) an Involuntary Separation from Service without Cause, or (ii) a voluntary

Separation from Service for Good Reason. The term “Qualifying Separation from Service” does not include, a Non-Qualifying Separation from Service.

(z) “Release Effective Date” has the meaning set forth in Section 4(c)(i).

(aa) “Required Release Date” has the meaning set forth in Section 4(c)(i).

(ab) “Restricted Stock” shall have the meaning set forth in the Incentive Plan.

(ac) “Restrictive Covenants Agreement” means, with respect to each Executive, any applicable separate agreement (including any Restrictive Covenants Agreement or Protective Agreement) entered into by such Executive containing confidentiality, non-disclosure, non-competition, non-solicitation, non-acceptance, non-piracy, non-disparagement, assignment of inventions or other similar obligations or restrictive covenants imposed on Executive with respect to the Company Group.

(ad) “Retire” or “Retirement” means a permanent retirement from the insurance industry, which for this purpose includes, without limitation, (i) any Competing Business, Competing Enterprise or similar term (as set forth or defined in any Restrictive Covenant Agreement) (ii) any insurance or reinsurance brokerage or agency, (iii) any insurance or reinsurance intermediary, (iv) any insurance or reinsurance managing general agent, (v) any insurance or reinsurance underwriting or claims administration or processing business, (vi) any insurance or reinsurance carrier business, and (vi) any third-party administrator business in connection with any of the same.

(ae) “Separation from Service” has the same meaning as “Termination of Service” under the Incentive Plan and will be applied as required to all aspects of this Program.

(af) “Separation from Service Date” means the date on which a Separation from Service occurs as reflected in any applicable termination notice and related communications.

(ag) “Service Recipient” means the Company or a member of the Company Group for whom the Executive performs services and all persons with whom such member of the Company Group is considered a single employer under Sections 414(b) and 414(c) of the Code

(ah) “Severance Benefits” means, as applicable, each of the benefits described in Sections 4(b)(i), 4(b)(ii), 4(b)(iii) and 4(b)(iv) below.

(ai) “Severance Payment” has the meaning set forth in Section 4(b)(i).

(aj) “Shares” has the meaning set forth in the Incentive Plan.

(ak) “Specified Employee” means a key employee of the Service Recipient within the meaning of Section 409A(a)(2)(B)(i) of the Code and Treasury Regulations Section 1.409A-1(i), as determined in accordance with the procedures adopted by the Board that are then in effect, or, if no such procedures are then in effect, in accordance with the default procedures set forth in Treasury Regulations Section 1.409A-1(i).

(al) "Vesting Date" means the vesting date of an Award as set forth in the applicable Award Agreement.

(am) "Voluntary Early Retirement" means a Separation from Service that is a result of an Executive voluntarily electing to Retire as described in Section 4(a)(iv).

3. Notice of Termination. The Company or the Executive, as the case may be, shall provide to the other party, concurrently therewith, a notice of termination that states the Separation of Service Date. Such notice shall describe in reasonable detail the reason for termination and, if applicable, the event, circumstance, act or omission constituting the basis for its determination that Cause or Good Reason exists and details regarding any failure to cure by the Company or Executive, as may be applicable.

4. Severance Payments and Change in Control Severance Payment and Benefit.

(a) Entitlement to Payment and Benefits.

(i) Qualifying Separation from Service – No Change in Control. Pursuant to and subject to the terms and conditions of this Program, the Company will pay the applicable Severance Payment under section 4(b)(i) and provide the Severance Benefits described under Section 4(b)(ii), 4(b)(iii) and 4(b)(iv) to an Executive that experiences a Qualifying Separation from Service during the Protected Period.

(ii) Change in Control – Double Trigger. Pursuant to and subject to the terms and conditions of this Program, the Company will pay the Severance Payment under Section 4(b)(i) and provide the other Severance Benefits set forth in Section 4(b)(ii), 4(b)(iii) and 4(b)(iv) to an Executive if both of the following requirements are satisfied: (A) a Change in Control occurs during the Protected Period, and (B) the Executive experiences a Qualifying Separation from Service during the period that begins on 90 days prior to the date of the Change in Control and ends on the date that is twelve (12) months thereafter, subject to the remaining provisions in this Section 4(a)(ii). For the avoidance of doubt, unless both (A) and (B) of this Section 4(a)(ii) are satisfied, the Executive shall not be entitled to receive any payments or benefits under this Section 4(a)(ii). For the avoidance of doubt, nothing in this Section 4(a)(ii) will extend the length of the Protected Period.

(iii) Change in Control – Single Trigger. Pursuant to and subject to the terms and conditions of this Program, the Company will provide the Severance Benefits described in Section 4(b)(iii) and 4(b)(iv), as applicable, in the event there is a Change in Control during the Protected Period.

(iv) Voluntary Early Retirement. If an Executive that has either (A) been continuously employed with the Company Group since October 24, 2019 or (B) attained at least age 50 and completed more than 10 years of tenure with the Company Group, voluntarily Retires from the Company and the Company Group, the Executive will be considered to have a Voluntary Early Retirement. Pursuant to and subject to the terms and conditions of this Program, such Executive will be entitled to the Severance Benefits set forth in Section 4(b)(iii)(d) and 4(b)(iv)(a).

(b) Calculation of Severance Payment and Benefits.

(i) Severance Payment.

A. The “Severance Payment” for purposes of Section 4(a)(i) (Qualifying Separation from Service – No Change in Control) is equal to the Executive’s Base Salary in effect on the Separation from Service Date, multiplied by 1.5 for Group 1 Executives or 1.0 for Group 2 Executives. The Severance Payment shall be payable in equal installments over an 18-month period for Group 1 Executives and a 12-month period for Group 2 Executives commencing on the Separation from Service Date and in accordance with the Company’s customary payroll practices as in effect from time to time (but no less frequently than monthly). Notwithstanding the foregoing, the Severance Payment shall not commence earlier than the date set forth under Sections 4(c)(i) or Section 4(c)(ii), if applicable.

B. The “Severance Payment” for purposes of Section 4(a)(ii) (Change in Control – Double Trigger) is equal to the Executive’s Base Salary in effect on the Separation from Service Date, multiplied by 2.0 for Group 1 Executives or 1.0 for Group 2 Executives. The Severance Payment shall be payable in equal installments over a 24-month period for Group 1 Executives and 12-month period for Group 2 Executives commencing on the Separation from Service Date in accordance with the Company’s customary payroll practices as in effect from time to time (but no less frequently than monthly). Notwithstanding the foregoing, the Severance Payment shall not commence earlier than the date set forth under Sections 4(c)(i) or Section 4(c)(ii), if applicable.

(ii) Health Insurance. In addition to the Severance Payment, and subject to the terms of this Program, if the Executive is eligible for and timely elects to continue health insurance coverage under the health insurance plan available to active employees of the Company in accordance with COBRA for the Executive, the Executive’s spouse and the Executive’s dependents (to the extent applicable) following the Separation from Service Date, the Company will reimburse the Executive for the COBRA premiums that the Executive is required to pay in order to maintain such coverage for a period of twelve (12) months following the Separation from Service Date; provided, however, that the Company’s obligation to pay any COBRA premiums will cease immediately if the Executive becomes eligible for group health insurance coverage elsewhere during such twelve (12) month period, and the Executive agrees to promptly notify the Company if he or she becomes eligible to be covered by group health insurance elsewhere during such period. To receive the COBRA reimbursement, Executive shall submit to the Company written proof that he or she has made each applicable COBRA premium payment, and the Company will then reimburse Executive for such payment within sixty (60) days of the

Company's receipt of such written proof from Executive. It is and shall remain Executive's obligation to timely elect and obtain COBRA insurance and pay all such premiums to the applicable carrier.

(iii) Awards under the Incentive Plan.

A. Pursuant to and subject to the terms and conditions of this Program, for purposes of Executives experiencing an event described in Section 4(a)(i) (Qualifying Separation from Service – No Change in Control), (I) any unvested restricted stock or other equity awards issued to the Executive under the Incentive Plan that vest solely based on continued employment with the Company (each, a "Time-Based Award") shall continue to vest in the same manner that they would have vested had the applicable Executive remained an active employee of the Company following a Qualifying Separation from Service, and (II) Executive shall forfeit any performance-based vesting award issued to the Executive under the Company's Incentive Plan (each, a "Performance-Based Award") on the Separation from Service Date.

B. Pursuant to and subject to the terms and conditions of this Program, for purposes of Executives experiencing an event described in Section 4(a)(ii) (Change in Control – Double Trigger), (I) any unvested Time-Based Award shall vest immediately upon the applicable Separation from Service Date and (II) any unvested Performance-Based Award shall vest immediately upon the applicable Separation from Service Date, subject to subsections (E) and (F) below.

C. Pursuant to and subject to the terms and conditions of this Program, for purposes of Executives experiencing an event described in Section 4(a)(iii) (Change in Control – Single Trigger), following the Change in Control, Executive shall continue participation in any unvested Time-Based Awards and Performance-Based Awards if the Incentive Plan and such Time-Based Awards and Performance-Based Awards are continued, converted, assumed or replaced with a substantially similar award by the Company or a successor entity or its parent or subsidiary in connection with the Change in Control (in each case, such award being considered "Assumed"); provided, however, if any Time-Based Award and Performance-Based Award issued to Executive is not Assumed, vesting of such Time-Based Awards and Performance Awards will be accelerated and the Executive shall be fully vested effective as of the date of the Change in Control, subject to subsections (E) and (F) below.

D. Pursuant to and subject to the terms and conditions of this Program, for purposes of Executives experiencing an event described in Section 4(a)(iv) (Voluntary Early Retirement), the retiring Executive will continue participation in any unvested Time-Based Awards and Performance-Based Awards awarded under the Incentive Plan.

E. For purposes of Performance-Based Awards in the foregoing subsection b. and Performance-Based Awards that are not Assumed in the foregoing subsection c., performance with respect to the performance goals of such Performance Based Award shall be determined in good faith by the Committee upon such Change in Control (treating the effective date of such Change in Control as the last day of the applicable performance period).

F. For any Performance-Based Awards subject to the foregoing subsections (B), (C), (D) and (E), and subject to the provisions of the Incentive Plan and the applicable Award Agreement, upon the vesting of any of the Performance-Based Awards, the Company shall deliver to the Executive, as soon as reasonably practicable after the Vesting Date, the number of Shares as determined in accordance with, the Incentive Plan and applicable Award Agreement; *provided* that such delivery of Shares shall be made no later than (I) the end of the calendar year in which the Vesting Date occurs, or if later, (II) within two and one-half months following the Vesting Date.

(iv) Bonus Payments.

A. For purposes of Sections 4(a)(i) (Qualifying Separation from Service – No Change in Control), 4(a)(ii) (Change in Control – Double Trigger) and 4(a)(iv) (Voluntary Early Retirement) the Executive will be entitled to receive an amount equal to (I) any unpaid bonus actually earned for the most recent completed year if Executive's Separation from Service Date occurs prior to the applicable scheduled pay date for such annual bonus and (II) a prorated portion of the current year bonus based on the "Target" bonus opportunity listed in the applicable executive compensation framework or other compensation plan previously approved by the Committee with respect to such current year.

B. For purposes of Section 4(a)(iii) (Change in Control – Single Trigger), the Executive will be entitled to continue participation in the applicable bonus program set forth in the applicable executive compensation framework or other compensation plan approved by the Committee with respect to such year or a bonus provided pursuant to the Executive's Employment Agreement, if such bonus program or Employment Agreement is assumed by the buyer and such bonus shall be paid in accordance with the provisions of the bonus program or Employment Agreement. If such bonus program or Employment Agreement is not assumed, a prorated portion of the current year bonus based on the “Target” bonus opportunity listed in the applicable executive compensation framework or other compensation plan approved by the Committee with respect to such current year and such bonus payment shall be paid in cash to the Executive in a single lump within 60 days following the Change in Control.

(c) Payment and Provision of Severance Benefits.

(i) Payment Terms and Release. Notwithstanding anything to the contrary contained in this Program, the Executive’s right to receive the Severance Payment and benefits under this Program (with the exception of an Executive described in 4(a)(iii)) is expressly conditioned upon the Executive’s execution and delivery to the Company of a general release of all claims in form and substance satisfactory to the Company (which shall apply to the Company Group, its owners, officers and employees and other related persons and affiliates). The Executive shall forfeit all rights to such Severance Benefits unless the general release is signed and delivered (and no longer subject to revocation, if applicable) within sixty (60) days following the Separation from Service Date (the “Required Release Date”). The Severance Benefits shall be paid, commence or be provided, within fifteen (15) days following the date that such general release becomes effective and non-revocable (the “Release Effective Date”); provided, however, that such first payment shall include all amounts that otherwise would have been paid prior to the date the first payment was made had such benefits commenced immediately upon the Separation from Service Date; Notwithstanding the preceding sentence, to the extent necessary to comply with Section 409A of the Code, if the Separation from Service Date and Required Release Date are in two separate calendar years, any payments of amounts that constitute deferred compensation within the meaning of Section 409A of the Code shall be payable on the later of (A) the date such payment is otherwise payable under this Program , or (B) the first payroll date in such second calendar year.

(ii) Section 409A Required Delay. Notwithstanding anything to the contrary, if the Executive is a Specified Employee as of the Separation from Service Date, then with respect to any payment of deferred compensation within the meaning of Section 409A of the Code that is required to be delayed pursuant to Section 409A(a)(2)(B) of the Code, such payment shall not be made prior to the earlier of (A) the expiration of the six (6)-month period measured from the Separation from Service Date, or (B) the date of Executive’s death (the “Delay Period”). Upon the expiration of the Delay Period, all payments delayed pursuant to this Section 4(c)(ii) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid to the Executive in a lump sum and any remaining payments due under this Program shall be paid in accordance with the normal payment dates specified for them herein.

(iii) The Executive's continued receipt of the Severance Benefits are subject to the continued compliance by such Executive with the terms of the applicable Restricted Covenants Agreements for a period of two (2) years following Separation from Service for the Executives described in 4(a)(i) (Qualifying Separation from Service – No Change in Control), 4(a)(ii) (Change in Control – Double Trigger) and 4(a)(iii) (Change in Control – Single Trigger), and for a period of five (5) years for those executives described in 4(a)(iv) (Voluntary Early Retirement). The periods during which the Executives are required to comply with their respective Restricted Covenants Agreements as set forth in this section shall be deemed to extend, as applicable, the applicable time period set forth in each Executive's respective Restricted Covenant Agreements. If an Executive fails to comply with their respective Restricted Covenants Agreements during the time periods set forth above in this Section 4(c)(iii), and any portion of the Severance Benefits has already been paid or provided, such Executive shall be required to reimburse the Company in full for the amount of the Severance Benefits so received.

(d) Clawback. Each Executive will continue to qualify as a Covered Executive (as defined in the Clawback Policy) under the Clawback Policy, and as such, any applicable Incentive Compensation (as defined in the Clawback Policy) received by each such Executive, including any Severance Benefits under this Program or otherwise will remain subject to any applicable recoupment, repayment, reimbursement or forfeiture obligations (i) to the extent required under the Clawback Policy or any other applicable Company or applicable Company Group member clawback or recoupment policy that is generally applicable to the Executives, as may be in effect from time to time and which is adopted by the Company or applicable member of the Company Group in order to comply with applicable law or stock exchange listing rules or (ii) as required by law or under applicable stock exchange listing rules.

(e) No Mitigation. The Executive shall have no obligation to mitigate the consequences of a Qualifying Separation from Service by seeking employment or otherwise, and the Severance Payment shall not be reduced or otherwise modified as a result of the Executive obtaining other employment or being engaged as an independent contractor after a Qualifying Separation from Service.

(f) Breach. An Executive's breach of his or her Restrictive Covenants Agreement during the time periods set forth in Section 4(c)(iii) will diminish the value of the Company and/or the Company Group and will cause irreparable and continuing injury thereto for which an adequate legal remedy will not exist. Accordingly, if the Executive breaches his or her Restrictive Covenants Agreement or Section 5 below, Company shall be excused from paying or performing any liability or obligation owed the Executive under this Program and, without limiting or excluding any other available remedy, the Company and the Company Group will be entitled to the following remedies (to the extent legally available): (i) entry by a court having jurisdiction of an order granting specific performance or injunctive relief, without requirement of proof of monetary damage or an inadequate remedy at law; (ii) the recovery from the Executive of payments made or benefits provided under this Program, (iii) the recovery from the Executive of all profit, remuneration, or other consideration that the Executive gains from breaching the restrictive covenant and any damages suffered by the Company and/or the Company Group, to the extent ascertainable; and (iv) reimbursement from the Executive of all costs incurred by the Company or the Company Group in enforcing the restrictive covenant or otherwise defending or prosecuting any mediation, arbitration, or litigation arising out of the restrictive covenant. The Company and the Company Group may exercise any of the foregoing remedies concurrently, independently, or successively.

(g) Section 280G.

(i) Notwithstanding any other provision of this Agreement or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company Group to the Executive ("Covered Benefits") constitute parachute payments ("Parachute Payments") within the meaning of Section 280G of the Code, and would, but for this Section 4(g) be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), then prior to making the Covered Payments, a calculation shall be made comparing (A) the Net Benefit (as defined below) to the Executive of the Covered Payments after payment of the Excise Tax to (B) the Net Benefit to the Executive if the Covered Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (A) above is less than the amount under (B) above will the Covered Payments be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax (that amount, the "Reduced Amount"). "Net Benefit" shall mean the present value of the Covered Payments net of all federal, state, local, foreign income, employment and excise taxes.

(ii) Any such reduction shall be made by the Company in its sole discretion consistent with the requirements of Section 409A of the Code.

(iii) Any determination required under this Section 4(g), including whether any payments or benefits are parachute payments, shall be made by the Company in its sole discretion. The Executive shall provide the Company with such information and documents as the Company may reasonably request in order to make a determination under this Section 4(g). The Company's determination shall be final and binding on the Executive.

5. Additional Requirements and Contingencies.

(a) Cooperation**.** At all times during the Executive's employment by the Company and/or another Company Group member and following the Executive's Separation from Service for any reason (whether or not in connection with a Change in Control and whether or not the Executive receives any payments or other benefits under this Program), the Executive shall reasonably cooperate with the Company and any other Company Group member and their representatives in connection with any claims, investigations, audits, or legal, judicial or administrative proceedings related in any way to the Executive's employment with the Company and/or any other Company Group member, including full disclosure of all relevant information and testifying truthfully on the Company's or the applicable Company Group's behalf.

(b) Nondisparagement. Executive shall not make any disparaging, negative or critical statements, written or oral, about the Company or the Company Group or their respective officers, directors, executives, managers, employees, policies, services, products, processes, operations, or facilities.

(c) Return of Property. Upon termination of employment, Executive shall promptly (and in any event within five (5) days) return all property of the Company or Company Group member in his or her possession or under his or her control, including all records, files, equipment, supplies, keys, credit card(s), computer and related equipment, tablet, smartphone, and any other equipment that has been provided. Executive will not retain any copies or reproductions of correspondence and will not retain any copies or reproductions of correspondence, memoranda, reports, drawings, photographs, software, electronic media or documents relating in any way to the business of the Company or the Company Group.

6. Tax Matters.

(a) Withholding. The Company shall have the right to deduct from any payment made under this Program any amount required to be withheld for any federal, state or local income, employment or other taxes.

(b) Section 409A; Liability for Taxes; Tax Advice. The parties intend for this Program to conform in all respects to the requirements under Section 409A of the Code or an exemption thereto. Accordingly, to the extent necessary to comply with the requirements of Section 409A of the Code or an exemption thereto, the parties intend for this Program to be interpreted, construed, administered and applied in a manner as shall meet and comply with the requirements of Section 409A of the Code or an exemption thereto, and the Board may amend this Program in its discretion so as to comply with any such requirement. Any reference in this Program to Section 409A of the Code, or any subsection thereof, shall be deemed to mean and include, to the extent then applicable and then in force and effect (but not to the extent overruled, limited or superseded), published rulings, notices and similar announcements issued by the Internal Revenue Service under or interpreting Section 409A of the Code and regulations (proposed, temporary or final) issued by the Secretary of the Treasury under or interpreting Section 409A of the Code. Notwithstanding any other provision of this Program , neither the Company nor any individual acting as a director, officer, employee, agent or other representative of the Company shall be liable to the Executive or any other person for any claim, loss, liability or expense arising out of any interest, penalties or additional taxes due by the Executive or any other person as a result of this Program or the Company's administration of the terms of this Program not satisfying any of the requirements of Section 409A of the Code or an exemption thereto. The Executive represents and warrants that he or she has reviewed or will review with his or her own tax advisors the federal, state, local and employment tax consequences of entering into this

Program , including, without limitation, under Section 409A of the Code, and, with respect to such matters, he or she relies solely on such advisors.

7. Employment Matters.

(a) No Right to Employment. This Program does not create a contract of employment between the Executive and the Company or any other Company Group member. This Program does not give the Executive any right to continue in the Company's or any other Company Group member's employment or any right to limit the Company's or any Company Group member's ability to terminate the Executive's employment at any time and for any or no reason, with or without Cause.

(b) Other Benefits. Except as otherwise provided herein, nothing in this Program shall prevent or limit the Executive's continuing or future participation in, or diminish or reduce the Executives rights under, any other benefit, bonus, incentive or other plan or program provided by the Company or any other Company Group member for which the Executive may qualify. Benefits or amounts receivable or payable under any such plan or program shall be provided or paid in accordance with the terms of such plan or program.

8. Successors to the Company; No Assignment. The Company shall require any successor or assignee (whether direct or indirect, by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation, or otherwise) to all or substantially all of the business or assets of the Company to expressly assume and agree to perform the Company's obligations under this Program in the same manner and to the same extent that the Company would be required to perform if no such succession or assignment had taken place. This Program is personal to each of the Executives, and an Executive may not assign any right or delegate any duty under this Program without the prior written consent of the Board. Any attempted assignment or delegation is void. Subject to the foregoing, this Program is binding upon and inures to the benefit of the Company, each Executive and their successors and assigns. If Executive becomes entitled to any payment or other benefit under this Program but dies prior to the applicable payment or other date, such payment or other benefit (to the extent applicable) shall be made to the Executive's estate.

9. Administration; Claims Procedures.

(a) The Company will have full power and discretion to administer this Program in all of its details, and to determine eligibility for benefits under this Program, subject to applicable requirements of law. (The Company shall have sole discretionary authority to interpret, apply and administer the terms of this Program (and any agreement related hereto), including interpretation of any ambiguous provisions, determination of disputed facts, or application of this Program's provisions to unanticipated circumstances.

(b) In the event of a claim by the Executive as to entitlement or the amount of any distribution or its method of payment, the Executive shall present the reason for his or her claim in writing to the Company. The Company shall, within ninety (90) days after receipt of such written claim, send a written notification to the Executive as to its disposition, unless the Company determines that special circumstances require an extension of time for processing the claim. If the Company determines that an extension of time for processing is required, written notice of the extension will be furnished to the Executive prior to the termination of the initial ninety (90) day period. In no event will such extension exceed a period of ninety (90) days from the end of such initial period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Company expects to render the benefit determination.

(c) In the event the claim is wholly or partially denied, such written notification shall (i) state specifically the reason or reasons for the denial, (ii) reference the specific provisions of this Program on which the determination is based, (iii) provide a description of any additional material or information necessary for the Executive to perfect the claim and an explanation of why such material or information is necessary, and (iv) set forth the procedure by which the Executive may appeal the denial of the claim.

(d) In the event the Executive wishes to appeal the denial of his or her claim, the Executive may request a review of such denial by making application in writing to the Company within sixty (60) days after the receipt of the denial. The Executive (or his or her duly authorized legal representative) may, upon written request to the Company, review any documents pertinent to his or her claim, and submit in writing issues and comments in support of his or her position. Within sixty (60) days after receipt of the written appeal (unless special circumstances, such as the need to hold a hearing, require an extension of time, but in no event more than one hundred twenty (120) days after such receipt), the Company shall notify the Executive of the final decision. The final decision shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the Executive, and specify references to the pertinent Program provisions on which the decision is based.

10. Miscellaneous.

(a) Choice of Law. This Program shall be governed by and construed in accordance with the laws of the State of Florida without giving effect to Florida's rules of conflicts of law, and regardless of the place or places of its physical execution and performance. By participating in the Program, the Executive and the Company hereby (i) consent to the personal jurisdiction of the state and federal courts having jurisdiction in Hillsborough County, Florida, (ii) stipulate that the exclusive venue for any legal proceeding arising out of this Agreement is Hillsborough County, Florida, for a state court proceeding, or the Middle District of Florida, Tampa Division, for a federal court proceeding, and (iii) waive any defense, whether asserted by motion or pleading, that Hillsborough County, Florida, or the Middle District of Florida, Tampa Division, is an improper or inconvenient venue.

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(b) Unsecured Creditor of the Company. This Program does not create, and shall not be construed to create, a trust or separate fund of any kind or a fiduciary relationship between the Company (or, any other member of the Company Group) and the Executive. This Program constitutes an "unfunded" Program only with the prior written consent of the Company and no course of conduct or course of dealing or failure or delay by any party in enforcing or exercising any of the provision Program shall affect the validity, binding effect or enforceability of this Program or be an implied waiver of any provision of this Program shall be an unfunded and unsecured promise to pay money in the future, and nothing in this

Program shall give the Executive any rights that are greater than those of a general unsecured creditor of the Company. Nothing in this Program creates for the Executive any recourse against any person other than the Company.

(c) Entire Program. This Program contains the entire understanding and agreement between the parties with respect to the subject matter of this Program and incorporates, as modified by this Program, the provisions of all Restrictive Covenant Agreements and the Related Agreements that do not contradict the terms of this Program as it relates to the Severance Benefits.

(d) Waiver. The provisions of this Program may be waived only with the written consent of the Company, and no course of conduct or course of dealing or failure or delay in enforcing or exercising any of the provision of this Program shall affect the validity, binding effect or enforceability of this Program or be deemed to be an implied waiver of any provision of this Program.

(e) Severability/Blue Pencil. Executive acknowledges, stipulates, and agrees that the covenants and restrictions set forth and incorporated into the terms of this Program are reasonable as to geographical area, time, and line of business and are reasonably necessary to protect legitimate business interests of the Company Group, including trade secrets and other confidential information, substantial relationships with existing or prospective clients and insurers, goodwill associated therewith, and its ongoing business, in the geographical area in which the Company Group conducts its business. To the extent the duration, geographical area, or line of business of any of the preceding restrictions would cause them to be unenforceable in a particular jurisdiction, the restrictions automatically will be reformed for purposes of enforcement in that jurisdiction to the maximum duration, geographical area, or line of business that is valid and enforceable in that jurisdiction. Reformation of a restriction to validate its enforcement in any particular jurisdiction, however, will not affect the enforcement of the restriction as stated in any other jurisdiction in which it is enforceable as stated. If a provision of this Program is held by a court of competent jurisdiction to be unenforceable, that provision will be deemed severable from the remaining provisions of this Program and will not affect the validity, interpretation, or effect of the other provisions of this Program or the application of that provision to other circumstances in which it is enforceable. The invalidity of a restriction in any particular jurisdiction will not affect the validity or enforcement of the restriction in another jurisdiction where it is otherwise valid.

(f) WAIVER OF JURY TRIAL. EACH PARTY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS PROGRAM.

(g) Prevailing Party. If any party brings any judicial action or proceeding to enforce its rights under this Program, the prevailing party shall be entitled, in addition to any other remedy, to recover from the losing party, regardless of whether such action or proceeding is prosecuted to judgment, all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred therein by the prevailing party.

(h) Notices. Except as otherwise provided in this Program , all notices, requests, demands, consents, instructions or other communications required or permitted under this Program shall be in writing and shall be either personally delivered, sent by reputable overnight courier service, or sent by email transmission. Any notice under this provision shall be deemed to have been given when so delivered, sent or mailed. In the case of notice to an Executive, notice will be sent to the most recent address set forth in the payroll records of the Company or by email provided by the Executive. Notice to the Company shall be provided to:

The Baldwin Group
4010 Boy Scout Boulevard, Suite 200
Tampa, Florida 33607
Attn: Seth Cohen
Email: legalnotice@baldwin.com

(i) Captions and References; Grammatical Changes. Captions contained in this Program are inserted only as a matter of convenience and in no way define, limit or extend the scope or intent of this Program or any provision of this Program. Unless otherwise expressly provided to the contrary, references in this Program to articles, sections, paragraphs and the like constitute references to the articles, sections and paragraphs of this Program. Whenever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, the feminine or the neuter gender shall include the masculine, feminine and neuter gender as the circumstances require.

(j) Execution of Program. This Program may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement. The exchange of copies of this Program and of signature pages by electronic transmission shall constitute effective execution and delivery of this Program as to the parties and may be used in lieu of the original Program for all purposes.

11. Program Modification or Termination.

(a) This Program may be modified or amended at any time by the Company, with or without notice. Without limiting the foregoing, this Program may be modified or amended to increase, decrease or eliminate the Severance Payments to any Executive who incurs a Separation from Service after such modification or amendment. Notwithstanding the foregoing, no amendment or modification will materially adversely affect an Executive covered under this Program (even if there has not been a Separation from Service) without such Executive's written consent. The Company may also extend the applicability of this Program to other executives.

(b) It is the intention of the Company to continue this Program and make Severance Payments to all eligible terminating Executives. However, the Company may terminate this Program at any time with respect to any Executive that has not incurred a Separation from Service. Notwithstanding the foregoing, this Program may not be terminated with respect to any Executive that is covered under this Program, without such Executive's written consent.

(c) Any modification, amendment, termination, withholding, extension or other action shall be in writing and apply only to Executives that have not incurred a Separation from Service. Any such modification, amendment, termination, withholding, extension or other action shall be authorized or ratified by the Company with written consent provided by the Executives in accordance with Sections 11(b) and 11(c), as applicable.

IN WITNESS WHEREOF, this Program has been executed this 1st day of November, 2024.

The Baldwin Insurance Group Holdings, LLC

By: /s/ Seth Cohen

Seth Cohen, General Counsel

THE BALDWIN INSURANCE GROUP HOLDINGS, LLC EXECUTIVE SEVERANCE AND CHANGE IN CONTROL BENEFIT PROGRAM

PARTICIPANT ACKNOWLEDGEMENT

Effective as of November 1, 2024

This Participant Acknowledgement is made and entered into effective as of November 1, 2024, by __________________________ (the "Executive") to set forth the Executive’s understanding with respect to [his/her] participation in The Baldwin Insurance Group Holdings, LLC Executive Severance and Change in Control Benefit Program (the "Program") and the effect such participation may have on any executed agreements between the Executive and The Baldwin Insurance Group Holdings, LLC (the "Company") and their current and future, direct and indirect subsidiaries, parent company, affiliates, joint ventures and other related entities (together with Company, the "Company Group").

By signing below, Executive hereby acknowledges that [he/she] has reviewed the Program and the Program Specifications attached hereto, and fully understands the terms of the Program. The Executive further acknowledges and understands the following:

- The terms and provisions under the Program shall supersede any conflicting provisions regarding retirement, change in control, severance, vesting or other similar provisions set forth in any separate individual employment agreement, Award Agreement or other agreement entered into between the Company (or any other applicable member of the Company Group) and the Executive (collectively, referred to herein as the “Related Agreements”), provided that all other provisions of the Related Agreements shall continue to apply.

- In order to begin receiving and continue to receive the Severance Benefits that the Executive may be otherwise eligible to receive under the terms of the Program, the Executive may be required to sign a release in accordance with Section 4(c) and comply with the provisions of any Restrictive Covenant Agreement for the periods set forth in the Program.

- The Program shall be governed by and construed in accordance with the laws of the State of Florida without giving effect to Florida’s rules of conflicts of law, and regardless of the place or places of its physical execution and performance. By participating in the Program the Executive (a) consents to the personal jurisdiction of the state and federal courts having jurisdiction in Hillsborough County, Florida, (b) stipulates that the exclusive venue for any legal proceeding arising out of this

Agreement is Hillsborough County, Florida, for a state court proceeding, or the Middle District of Florida, Tampa Division, for a federal court proceeding, and (c) waives any defense, whether asserted by motion or pleading, that Hillsborough County, Florida, or the Middle District of Florida, Tampa Division, is an improper or inconvenient venue.

Any defined terms set forth herein that are not defined in this document will have the same definition as set forth in the Program.

____
Executive's Signature

Date: ________________________________

Exhibit 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULE 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Trevor L. Baldwin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Baldwin Insurance Group, 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.

/s/ Trevor L. Baldwin

Trevor L. Baldwin
Chief Executive Officer
Date: November 4, 2024

Exhibit 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULE 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bradford L. Hale, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Baldwin Insurance Group, 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.

/s/ Bradford L. Hale

Bradford L. Hale
Chief Financial Officer
Date: November 4, 2024

Exhibit 32

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

The certification set forth below is being submitted in connection with The Baldwin Insurance Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Trevor L. Baldwin, Chief Executive Officer, and Bradford L. Hale, Chief Financial Officer, of The Baldwin Insurance Group, Inc. (the "Company"), each certify to the best of such officer's knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2024	By:	/s/ Trevor L. Baldwin
		Trevor L. Baldwin
		Chief Executive Officer
Date: November 4, 2024	By:	/s/ Bradford L. Hale
		Bradford L. Hale
		Chief Financial Officer