# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**
# FORM 10-K

**(Mark One)**

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

**For the fiscal year ended December 31, 2021**
**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**

# BRP 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., Tampa, Florida 33607**
(Address of principal executive offices) (Zip code)

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

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

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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Note: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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 June 30, 2021 (the last business day of the registrant's second fiscal quarter), the registrant 's aggregate market value of its voting common equity held by non-affiliates was $1,171,603,850.

As of February 22, 2022, there were 58,670,686 shares of Class A common stock outstanding and 56,268,051 shares of Class B common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's Proxy Statement for the 2022 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the end of the fiscal year to which this report relates are incorporated by reference into Part III of this Form 10-K.

**BRP GROUP, INC.**

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**Note Regarding Forward-Looking Statements**

We have made statements in this Annual Report on Form 10-K, including matters discussed under Item 1A. Risk Factors, Item 3. Legal Proceedings, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and in other sections of this Annual Report on Form 10-K, 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. These statements are only predictions based on our current expectations and projections about future events. 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, including those factors discussed under Item 1A. Risk Factors.

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 Annual Report on Form 10-K to conform our prior statements to actual results or revised expectations.

**Commonly Used Defined Terms**

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

| | |
|---|---|
| Acquired Revenue | Revenue attributable to acquired business for the most recent trailing twelve-month period prior to acquisition by BRP at the time the due diligence was concluded based on a quality of earnings review and not an audit |
| Amended LLC Agreement | Third Amended and Restated Limited Liability Company Agreement of BRP, as amended |
| book of business | Insurance policies bound by us on behalf of our Clients |
| bps | Basis points |
| BRP | Baldwin Risk Partners, LLC |
| BRP Group | BRP Group, Inc. |
| Clients | Our insureds |
| Colleagues | Our employees |
| Exchange Act | Securities Exchange Act of 1934, as amended |
| Growth Services | Our shared services infrastructure, including our legal, human resources, marketing and branding, information technology and accounting and finance functions |
| Initial Public Offering | BRP Group Inc.'s initial public offering of its Class A common stock completed on October 28, 2019 in which it sold 18,859,300 shares, including 2,459,300 shares pursuant to the underwriters' over-allotment option that subsequently settled on November 26, 2019 |
| Insurance Company Partners | Insurance companies with which we have a contractual relationship |
| LIBOR | London Interbank Offered Rate |
| MGA | Managing General Agent |
| MSI | Millennial Specialty Insurance, LLC, a 2019 Partner |
| JPM Credit Agreement | Credit Agreement, dated as of October 14, 2020, between Baldwin Risk Partners, LLC, 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 the 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 and Amendment No. 4 to Credit Agreement dated as of December 16, 2021 |
| Old JPMorgan Credit Agreement | Fourth amended and restated credit agreement between Baldwin Risk Partners, LLC, as borrower, JPMorgan Chase Bank, N.A., as agent and lender, and the several banks and other financial institutions as lenders entered into on December 19, 2019, pursuant to an amendment and restatement agreement between Baldwin Risk Partners, LLC, as borrower, Cadence Bank, N.A., as existing agent and lender, JPMorgan Chase Bank, N.A., as successor agent and lender, and the several banks and other financial institutions as lenders entered into on December 19, 2019, as amended by the Incremental Facility Amendment No. 1 entered into on March 12, 2020, the Amendment No. 2 to Credit Agreement entered into on April 6, 2020 and the Incremental Facility Amendment No. 3 entered into June 18, 2020 |
| 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 | Owners of LLC Units of Baldwin Risk Partners, LLC prior to the Initial Public Offering |
| Risk Advisors | Our producers |
| SEC | U.S. Securities and Exchange Commission |
| Securities Act | Securities Act of 1933, as amended |
| Tax Receivable Agreement | Tax Receivable Agreement between BRP Group, Inc. and the holders of LLC Units in Baldwin Risk Partners, LLC entered into on October 28, 2019 |

## PART I

## ITEM 1. BUSINESS

### The Company

BRP Group, Inc. ("BRP Group," the "Company," "we," "us" or "our") is an independent insurance distribution firm delivering tailored insurance and risk management insights and solutions that give our Clients the peace of mind to pursue their purpose, passion and dreams. We support our Clients, Colleagues, Insurance Company Partners and communities through the deployment of vanguard resources, technology and capital to drive both 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 shareholders. 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 the continued buildout of our MGA of the Future platform, 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 900,000 Clients across the United States and internationally. Our more than 2,800 Colleagues include approximately 460 Risk Advisors, who are fiercely independent, relentlessly competitive and "insurance geeks." We have approximately 120 offices in 20 states, all of which are equipped to provide diversified products and services to empower our Clients at every stage through our four Operating Groups.

In 2011, we adopted the "Azimuth" as our corporate 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.

### Human Capital

BRP is an independent Colleague-centric insurance advisory firm fueled by relationships, powered by people, and exemplified by our Colleagues' ability to deliver tailored insurance and risk management insights and solutions to our Clients. Our success continues to be driven by our greatest asset, our talented team of Colleagues, each of which plays a crucial role in helping us achieve our firm goals. We attract Colleagues who share our passion for nurturing relationships and focusing on service, and who are inspired by the core values outlined in our cultural guide, The Azimuth.

#### *Powered by People*

As of December 31, 2021, BRP had 2,803 Colleagues, the vast majority of whom are full-time. There were 2,707 full-time Colleagues (97% of total Colleague population) and 96 part-time Colleagues. The firm also partners with over 3,534 independent contracted agents, primarily supporting our Guided Medicare business.

We maintain a low turnover rate as demonstrated by an annual retention rate of our Colleagues of approximately 90% as of December 31, 2021. BRP is a place for Colleagues to build a career, not just have a job, and we believe every Colleague should feel a sense of ownership in the firm. To promote that connection, we grant all newly-hired BRP Colleagues at least $1,500 in BRP common stock.

We highly value the powerful and innovative results that come from seeking and weighing a broad range of perspectives and we strive to hire and promote talent that brings wide ranging diversity of thought, background, and experience.

- More than 50% of our executive leadership team joined BRP from other industries, bringing unique background and thoughtful insight on our continued best path to success.
- As of December 31, 2021, women comprise 62% of our Colleague population and 51% of our leadership positions are held by women.

- We were pleased to announce in January 2022 that we have added four new directors to our board of directors, which is comprised of three women and two racially/ethnically diverse directors, representing 27% and 18% of the board of directors, respectively.
- We benefit from a wide age range and experience level within the firm. We have a robust mix of entry-level and post-college Colleagues. This balanced representation fosters our talent strategy of providing great mentoring and learning opportunities for our developing Colleagues.
- Our talent acquisition team continues to proactively source and contact underrepresented candidates as part of our recruiting process for open roles.

Despite the turmoil of the pandemic throughout 2020 and 2021 and its negative economic impact on many industries, we stood fully behind our people. We did not institute any layoffs or furloughs or make any reductions to pay or benefits for our Colleagues as a result of COVID-19. To the contrary, our BRP workforce continued to grow and we increased the number of new Colleagues hired in 2021 by 30% more than in 2020. We also continued investing in the total rewards of our Colleagues, as evidenced by having no reductions to merit pay increases and bonuses in March 2021.

BRP continues to make additional investments in ensuring we remain competitive in attracting top talent and, since April 1, 2021 all Colleagues are paid at least $15.00 per hour. We're proud to be an employer leading by example when it comes to living wages.

***Culture and Belonging***

Part of being better together means we operate with transparency and strive to make it easy for others to know us and trust us by striving to always do the right thing in an open and authentic way. We actively seek out our Colleagues' input through our formal and anonymous PULSE survey, asking for feedback on a variety of topics including career path opportunities, trust in team and leadership, and feeling valued. The results of this annual pulse check are always shared with Colleagues and leadership so thoughtful and meaningful improvements can be made to enhance engagement.

Another way we aim to create a sense of belonging for our Colleagues is by striving to be a destination employer. We are continuously recognized for our people-first approach, our commitment to a culture of continuous learning, and for providing a place where our Colleagues learn, grow, and thrive.

- In 2021, BRP continued to be Great Place to Work-Certified™ and was recognized as Insurance Journal's Best Agencies to Work for in 2021 (Southeast Gold Winner).
- BRP, along with its partner firms Burnham Benefits and AHT Insurance, was ranked by Business Insurance as one of the Best Places to Work in Insurance for high employee engagement and satisfaction.
- We have also been recognized by Top Workplaces USA as a 2021 nationally recognized employer for making the world a better place to work by prioritizing a people-centered culture and giving employees a voice.

We have a variety of ways we promote our culture, support our communities, and take care of each other within the BRP family.

- We sponsor a "Colleagues In Action" program that supports charities, events, and causes that are important and meaningful to our Colleagues.
- We promote our Colleagues actively participating in community outreach by providing three days of Community Service PTO.
- AHT Insurance's International Aid and Development Practice is enabling International Development Organizations and Non-Governmental Organizations to operate safely and securely, to help the most vulnerable communities in some of the highest risk communities in the world.
- To help any qualifying Colleague experiencing extraordinary hardship, we set up the BRP True North Colleague Fund (operated by America's Charities, a 501(c)(3) non-profit), to which Colleagues can also contribute by making a donation. BRP has pledged up to $250,000 to the fund and is honored to provide an additional dollar-for-dollar match for Colleague contributions up to another $250,000. In 2021, we processed nine grant applications for our Colleagues.
- We believe in having fun at work and celebrating our successes by promoting peer recognition at all levels of the firm through our "Give a Wow" compliment program.
- We seized a spontaneous opportunity to promote work/life balance and mental health for our Colleagues in October 2021 by recognizing World Mental Health Day and closing our offices early on a Friday and encouraging Colleagues to spend a half-day focusing on their own well-being.

- In 2021, our Colleagues were given the "gift of giving" wherein BRP made donations to seven separate organizations on behalf of over 850 participants.

***Nurture and Grow Talent***

We care about our Colleagues and their families from a holistic perspective and genuinely believe that taking great care of our Colleagues allows them to live their best life. We offer comprehensive benefits such as health care and retirement savings through an employer-match 401(k) plan, along with a variety of other personalized benefits valued by our Colleagues, such as:

- Summertime Friday half-days;
- EAP services, including mental health;
- Telemedicine benefits at no cost for Colleagues and their direct family members;
- Expert referral services in legal and financial assistance;
- Company sponsored BRP Vitality Wellness Program, including a partnership with Peerfit to provide customizable fitness benefits for Colleagues;
- Health Savings Account with $600+ employer contribution;
- Adoption assistance program;
- Paid leave for new parents; and
- Paid sick days and expanded holidays for 2022, including Juneteenth.

To support the ongoing growth and development of our Colleagues, we provide education and training on a variety of topics, including technical, professional, and business development, leadership development, client service experience, regulatory and compliance topics.

- We offer a catalog of more than 650 training courses, all designed to support individual growth and development. Examples of topics include Emotional Intelligence, Managing Conflict, and Feedback Essentials.
- In September 2021, we conducted our annual BRP Leadership Retreat by hosting a 2.5 day virtual training event where over 500 leaders of all levels participated in interactive leadership development sessions where topics included insurance industry acumen, influential team leadership, leading the workforce and change management.
- For new and developing Risk Advisors, we offer a 10-week intensive training course that includes a combination of both online, instructor-led and real-life application training aimed at developing their skills so they can be their best in providing exceptional service to our Clients.
- We also support the continuing education and certification needs of our Colleagues by providing access to a variety of technical training courses (examples of content include Cyber Risk Fundamentals, Professional Liability and Commercial Property).

We also promote Colleague growth and development through an ongoing performance feedback model, including 90-Day check-ins for newer Colleagues, and a formal annual year-end review process for all Colleagues. Our performance feedback processes enable every Colleague to have clear alignment with how we execute on our goals, maximize their performance potential, and also drive their own development and growth through individual development plans.

***Cultivating an Ethical Environment for our Colleagues and Clients***

We take very seriously our responsibility to operate with the highest level of integrity and foster an ethical environment for both our Colleagues and Clients. We have established numerous policies and procedures outlining our intention to live our values and do business in a responsible and ethical manner, including providing avenues for asking questions or reporting concerns about non-compliance. Many of these can be found publicly on our company website at baldwinriskpartners.com. Documented policies and procedures include, but are not limited to:

- The Azimuth (our cultural and corporate constitution, available on our Company website);
- Code of Business Conduct and Ethics (available in the “Governance” section of our Investor Relations website);
- Whistleblower Policy, which governs reporting of concern related to accounting, auditing and ethical violations (available in the “Governance” section of our Investor Relations website);

- Statement of Policy Concerning Trading in Company Securities, which prohibits Colleagues from trading BRP securities while in possession of Material Non-Public Information (available in the "Governance" section of our Investor Relations website);
- Privacy Policy, which governs how we handle personal client information in a responsible manner (available at the bottom of our Company homepage);
- Transparency & Disclosure Statement, which sets forth our commitment to fair dealings with our Clients (available at the bottom of our Company homepage); and
- Anti-Corruption and Foreign Corrupt Practices Act ("FCPA") Policy, which defines our commitment to adhere to the FCPA and avoid corrupt business practices.

**Business Strategy**

Relative to our industry peers, we believe our business strategy is uniquely focused on investing aggressively in the growth of our business, which we believe over time produces better and more sustainable results for all of our stakeholders, which includes our Clients, Colleagues, Insurance Company Partners, the communities we work, live and play in, and our Shareholders. For our Clients, our growth affords us the ability to provide better advice and an expanded and more cost effective suite of insurance solutions. For our Colleagues, our growth provides expanded career and development opportunities. For our Insurance Company Partners, our growth facilitates expanded access to a more diversified universe of clients and more distributed pools of risk. For our Communities, our growth facilitates enhanced economic contribution, and the ability of our Colleagues to make charitable impacts. And for our Shareholders, while we believe our business will naturally accrete margin over time, we believe that more robust topline growth, at the expense of near term margin, generates more free cash flow over a relatively finite period of time.

We have taken, and will continue to take, a two-pronged approach to growing our business, which includes investing meaningfully into our existing businesses to drive organic growth, and to drive inorganic growth via our Partnership strategy.

Over time, our organic growth will be driven primarily by our ability to continue to add new Clients and win new business, our ability to offer and advise on a broader array of insurance solutions in an increasing larger geographic footprint, and to capture an increasingly larger portion of the economics associated with the sale of insurance. To achieve this, we have invested heavily in our sales leadership infrastructure and recruitment of sales talent, technology talent and solutions to deliver better, faster and more efficient insurance insights and solutions to our Advisors and Clients, and in our MGA of the Future platform, which will continue to deliver proprietary and technology-enabled insurance solutions that provide our Advisors and select external distribution partners speed, ease of use, and certainty of execution, while also delivering BRP an enhanced share of the economics associated with the underlying insurance transaction.

Our Partnership strategy has contributed, and we believe will continue to contribute, meaningful inorganic growth to BRP. Adding new Partners significantly aids our ability to bolster our geographic footprint, product expertise, and end-Client industry expertise, while adding incremental industry leading talent to our organization. We are uniquely focused on the industry's best and fastest growing independent firms, and we believe we offer a truly differentiated value proposition to prospective Partners relative to our more mature and/or private equity backed peers, which includes retained business decision-making autonomy, leadership opportunities for new Partners and an environment focused on entrepreneurialism and the continued growth of our Partners' business. We believe our recent success attracting high quality Partners has validated our differentiated value proposition—we have consummated Partnerships with 32 firms since the beginning of 2020, for a total of $442.4 million of Acquired Revenue, which includes seven "Top 100" firms since 2020, more than any other peer in our industry. It is important to note that we also have a highly systematic and regimented integration process for all new Partners, supported by our fully dedicated integration team, the Navigators, which balances ensuring proper operational, financial & accounting and technology & cybersecurity controls with business decision making autonomy and impact on new Colleagues.

We continue to make the investments designed to better service our Clients and establish a competitive advantage in the industry. Ongoing investments to date include, but are not limited to, continued buildout of our MGA of the Future platform, continued buildout of our tech-enabled homeowners efforts (both in the MGA and in our MainStreet business), numerous enterprise wide technology initiatives, and continued hiring of Risk Advisors and sales leadership infrastructure in both Middle Market and MainStreet.

**Partnerships**

We utilize strategic acquisitions, which we refer to as Partnerships, to complement and expand our business. The financial impact of Partnerships may affect the comparability of our results from period to period. Our acquisition strategy also entails certain risks, including the risks that we may not be able to successfully source, close, integrate and effectively manage businesses that we acquire. To mitigate that risk, we have a professional team focused on finding new Partners and integrating new Partnerships. We plan to execute on numerous Partnerships annually as it is a key pillar in our long-term growth strategy over the next seven years.

We completed 16 Partnerships for an aggregate purchase price of $1.1 billion during 2021, which added $121.4 million of premiums, commissions and fees receivable, $439.4 million of intangible assets and $579.4 million of goodwill to the consolidated balance sheet.

During 2021, we also borrowed an additional $450.0 million under the existing term loan and completed a follow-on public offering for aggregate primary net proceeds of $269.4 million to assist with funding acquisitions.

Refer to Note 4 to BRP's consolidated financial statements included in Item 8. Financial Statements and Supplementary Data of this Annual Report on Form 10-K for additional information on the Partnerships that we have completed during 2021.

**Industry**

Our core products include commercial property and casualty insurance, employee benefits insurance, personal lines insurance and Medicare. As a distributor of these products, we compete on the basis of reputation, client service, industry insights and know-how, product offerings, ability to tailor our services to the specific needs of a Client and, to a lesser extent, price of our services. In the United States, our industry is comprised of large, global participants, such as those described in Competition below. The remainder of our industry is highly fragmented and comprised of over 30,000 regional and community participants that vary significantly in size and scope.

In recent years, there has been notable merger and acquisition activity in the insurance brokerage space. Despite the recent consolidation in the insurance brokerage industry, the industry remains highly fragmented and the number of independent agencies has remained roughly constant since 2006. The fragmented industry landscape presents us with the opportunity to continue acquiring high-quality Partners.

Commission revenues are generally based on a percentage of the premiums paid by insureds and normally follow premium levels. Insurance premiums are cyclical in nature and may vary widely based on market conditions. Various factors, including competition for market share among underwriting enterprises, increased underwriting capacity and improved economies of scale following consolidations, can result in flat or reduced property/casualty premium rates (a "soft" market). A soft market tends to put downward pressure on commission revenues. Various countervailing factors, such as greater than anticipated loss experience, unexpected loss exposure and capital shortages, can result in increasing property/casualty premium rates (a "hard" market). A hard market tends to favorably impact commission revenues. Hard and soft markets may be broad-based or more narrowly focused across individual product lines or geographic areas. As markets harden, buyers of insurance (such as our brokerage Clients), have historically tried to mitigate premium increases and the higher commissions these premiums generate, including by raising their deductibles and/or reducing the overall amount of insurance coverage they purchase. As the market softens, or costs decrease, these trends have historically reversed. During a hard market, buyers may switch to negotiated fee in lieu of commission arrangements to compensate us for placing their risks, or may consider the alternative insurance market, which includes self-insurance, captives, rent-a-captives, risk retention groups and capital market solutions to transfer risk.

***Commercial Property and Casualty Industry***

Commercial property and casualty brokers provide businesses with access to property, professional liability, workers' compensation, management liability, commercial auto insurance products as well as risk-management services. In addition to negotiating competitive policy terms on behalf of clients, insurance brokers also serve as a distribution channel for insurers and often perform much of the administrative functions. Insurance brokers generate revenues through commissions, calculated as percentage of total insurance premium, and through fees for management and consulting services. We have relationships with leading commercial writers, as well as regional insurers who have a presence in our target markets. We conduct commercial property and casualty business within our Middle Market, MainStreet and Specialty Operating Groups.

***Employee Benefits Industry***

Employee benefit advisors provide businesses and their employees with access to individual and group medical, dental, life and disability coverage. In addition to functioning as distributors, employee benefits brokers also provide assistance with benefit plan design. Employee benefits brokers' capabilities often enable middle-market businesses to fully outsource their employee benefits program design, management and administration without committing internal resources or investing substantial capital in systems. Employee benefit advisors generate revenues through commissions and fees for management and consulting services. In recent years, as a result of the Affordable Care Act ("ACA"), healthcare has become increasingly more complex and the demand has grown for sophisticated employee benefits consultants. We expect this trend to continue and we remain well positioned as a result of our consistent investment in our employee benefits capabilities. We conduct employee benefits business within our Middle Market and MainStreet Operating Groups.

***Personal Lines Industry***

Personal lines brokers provide individual consumers with access to home, auto, umbrella and recreational insurance products. Similar to commercial lines agents, personal lines insurance agents generate revenues through commissions and fees for management and consulting services. We conduct this personal lines business within our Middle Market (high net worth), MainStreet and Specialty Operating Groups.

***Medicare Industry***

In the U.S., Medicare provides health insurance to retirees, who by definition lack coverage via an employer sponsored healthcare program. U.S. citizens typically become eligible for Medicare upon turning 65 years old. The Medicare market is split between Original Medicare Plan, a fee-for-service plan managed by the federal government which represents approximately two-thirds of the market and Medicare Advantage, a rapidly growing private Medicare option representing approximately one-third of the market. Medicare advisors assist in determining optimal coverage and healthcare/doctor access based on an individual's healthcare needs and spending limitations.

**Competition**

The business of providing insurance products and services is highly competitive. We compete for Clients on the basis of reputation, client service, program and product offerings and our ability to tailor products and services to meet the specific needs of a Client. We actively compete with numerous integrated financial services organizations as well as insurance companies and brokers, producer groups, individual insurance agents, investment management firms, independent financial planners and broker-dealers, including large, global participants, such as Aon plc, Marsh & McLennan Companies, Inc. and Willis Towers Watson plc and mid-sized participants, such as Arthur J. Gallagher & Co., AssuredPartners, Inc., Brown & Brown Inc., Hub International Limited and USI, Inc. In various parts of our business (mainly in our MGA and Mainstreet businesses), we compete with smaller "InsureTech" participants such as Lemonade, Inc., Goosehead Insurance, Inc. and Hippo Holdings, Inc.

**Clients**

Our Clients are highly diversified and include individuals, professionals, businesses, including those in niche industries, and specialty insurers. No material part of our business depends upon a single Client or on a few Clients. The loss of any one Client would not have a material adverse effect on our operations. In 2021, our largest single Client represented less than 1% of our combined revenues.

**Operating Groups**

Our business is divided into four Operating Groups: Middle Market, Specialty, MainStreet and Medicare.

We earn commissions and fees by facilitating the arrangement between Insurance Company Partners and individuals or businesses for the Insurance Company Partners to provide insurance to the Client. Our commissions and fees are usually a percentage of the premium paid by the Client and generally depends 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 in lieu of commissions. Additionally, we may also receive from Insurance Company Partners a profit-sharing commission, or straight override, which represent forms of variable consideration associated with the placement of coverage and are based primarily on underwriting results, but may also contain considerations for volume, growth or retention.

The Middle Market Operating Group provides expertly-designed commercial risk management, employee benefits solutions and private risk management for mid-to-large-size businesses and high net worth individuals, as well as their families.

The Specialty Operating Group consists of two distinct businesses. Our specialty wholesale broker businesses deliver specialty insurers, professionals, individuals and niche industry businesses expanded access to exclusive specialty markets, capabilities and programs requiring complex underwriting and placement. Specialty also houses our MGA of the Future platform, in which we deliver proprietary, technology enabled insurance products that are then distributed (in many instances via technology and/or API integrations) internally via our Risk Advisors in Middle Market and MainStreet and externally via select distribution partners, with a focus on sheltered channels where our products deliver speed, ease of use and certainty of execution, and example of which is our national embedded renter's insurance product sold at point of lease via integrations with property management software providers.

The MainStreet Operating Group offers personal insurance, commercial insurance and life and health solutions to individuals and businesses in their communities.

The Medicare Operating Group offers consultation for government assistance programs and solutions, including traditional Medicare and Medicare Advantage, to seniors and Medicare-eligible individuals through a network of primarily independent contractor agents. In the Medicare Operating Group, BRP generates commissions and fees in the form of direct bill insurance placement and marketing income. Marketing income is earned through co-branded marketing campaigns with our Insurance Company 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 the impact of contingent payments received in the first quarter from Insurance Company Partners that we cannot readily estimate before receipt without the risk of significant reversal and a higher degree of first quarter policy commencements and renewals in Medicare and certain Middle Market lines of business such as employee benefits and commercial. In addition, a higher proportion of our first quarter revenue is derived from our highest margin businesses. As discussed further below, the ongoing COVID-19 pandemic may skew these general trends due to reduced amounts of new business and reductions in business from existing Clients related to the ongoing pandemic.

Partnerships can significantly impact Adjusted EBITDA and Adjusted EBITDA Margins in a given year and may increase the amount of seasonality within the business, especially results attributable to Partnerships that have not been fully integrated into our business or owned by us for a full year.

**Regulation**

Our activities in connection with insurance brokerage services are subject to regulation and supervision by state regulatory authorities. State insurance laws are often complex and generally grant broad discretion to supervisory authorities in adopting regulations and supervising regulated activities, which generally includes the licensing of insurance brokers and agents, intermediaries and third-party administrators. Our continuing ability to provide insurance brokerage in the states in which we currently operate is dependent upon our compliance with the rules and regulations promulgated by the regulatory authorities in each of these states.

The health insurance industry is heavily regulated by the ACA, Centers for Medicare & Medicaid Services ("CMS") and state jurisdictions. Each jurisdiction has its own rules and regulations relating to the offer and sale of health insurance plans, typically administered by a department of insurance, department of financial services, or similar regulatory authority. We are required to maintain valid life or health agency or agent licenses in each jurisdiction in which we transact health insurance business.

Regulations and guidelines issued by CMS place a number of requirements on health insurance carriers and agents and brokers in connection with the marketing and sale of Medicare Advantage and Medicare Part D prescription drug plans. We are subject to similar requirements of state insurance departments with respect to our marketing and sale of Medicare Supplement plans. CMS and state insurance department regulations and guidelines include a number of prohibitions regarding the ability to contact Medicare-eligible individuals and place many restrictions on the marketing of Medicare-related plans. In addition, the laws and regulations applicable to the marketing and sale of Medicare-related plans are ambiguous, complex and, particularly with respect to regulations and guidance issued by CMS for Medicare Advantage and Medicare Part D prescription drug plans, change frequently.

We are subject to federal law and the laws of many states that require financial institutions to protect the security and confidentiality of certain sensitive Client information, notify customers about their policies and practices relating to collection, disclosure and security of certain sensitive Client information. The Health Insurance Portability and Accountability Act ("HIPAA") and regulations adopted pursuant to HIPAA require us to maintain the privacy of protected health information that we collect on behalf of Insurance Company Partners and employer-sponsored health plans, implement measures to safeguard such information and provide notification in the event of certain breaches in the privacy or confidentiality of such information. The use and disclosure of certain data that we collect from consumers is also regulated by the Gramm-Leach-Bliley Act ("GLBA") and state statutes implementing GLBA, which generally require brokers to provide Clients with notice regarding how their non-public personal health and financial information is used and the opportunity to "opt out" of certain disclosures before sharing such information with a third party, and which generally require safeguards for the protection of personal information.

As a publicly-traded company, we are required to file certain reports, and are subject to various marketing restrictions, among other requirements, in connection with the Exchange Act and SEC regulations.

**Initial Public Offering and Internal Reorganization**

On October 28, 2019, BRP Group completed an initial public offering (the "Initial Public Offering") of its Class A common stock, in which it sold 18,859,300 shares, including 2,459,300 shares pursuant to the underwriters' over-allotment option, which subsequently settled on November 26, 2019. The shares began trading on the Nasdaq Global Select Market on October 24, 2019. The shares were sold at an initial offering price of $14.00 per share for net proceeds of $241.4 million after deducting underwriting discounts and commissions of $17.8 million and net offering expenses of $4.8 million.

BRP Group, which was incorporated in the state of Delaware on July 1, 2019, was formed for the purpose of completing the Initial Public Offering and related transactions in order to carry on the business of Baldwin Risk Partners, LLC ("BRP") as a publicly-traded entity. In connection with the Initial Public Offering, BRP Group and BRP entered into a series of transactions to implement an internal reorganization (the "Reorganization Transactions") as follows:

- BRP amended and restated its amended and restated limited liability company agreement (the "Amended LLC Agreement") to, among other things, appoint BRP Group as the sole managing member of BRP and to modify BRP's capital structure to reclassify the equity interests into a single class of LLC units (the "LLC Units");
- as sole managing member of BRP, BRP Group consolidates the financial results of BRP and a portion of the net income is allocated to the noncontrolling interest to reflect the entitlement of the owners of BRP's outstanding equity interests ("BRP's LLC Members") to a portion of BRP's net income;
- through a series of internal transactions, BRP issued LLC Units to equity holders of its Partners (other than certain joint ventures) in exchange for all the equity interests in such Partners not held by BRP prior to such exchange;
- BRP Group's certificate of incorporation authorized the issuance of two classes of common stock including Class A common stock and Class B common stock, each of which entitles its holder to one vote per share on all matters submitted to a vote of the stockholders;
- each of the owners of BRP LLC Units prior to the Initial Public Offering (the "Pre-IPO LLC Members") was issued shares of BRP Group's Class B common stock in an amount equal to the number of LLC Units held by each such member following the reclassification of the equity interest into LLC Units;
- under the Amended LLC Agreement, BRP's LLC Members have the right to require BRP to redeem all or a portion of their LLC Units for, at BRP Group's election, newly-issued shares of Class A common stock on a one-for-one basis or a cash payment;
- BRP Group and the Pre-IPO LLC Members entered into the Stockholders Agreement, which provides that approval by Pre-IPO LLC Members is required for certain corporate actions;
- BRP Group used the net proceeds from the Initial Public Offering to acquire 14,000,000 newly-issued LLC Units from BRP, 1,800,000 LLC Units from Lowry Baldwin, our Chairman, and 600,000 LLC Units from The Villages Invesco, LLC ("Villages Invesco"), one of our significant shareholders, at a purchase price per LLC Unit equal to the initial public offering price of Class A common stock after underwriting discounts and commissions; and
- BRP Group entered into the Tax Receivable Agreement, which provides for payment by BRP Group to BRP's LLC Members of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that BRP Group actually realizes.

In connection with the Initial Public Offering, BRP Group issued one share of Class B common stock to Pre-IPO LLC Members for each LLC Unit held by such BRP LLC Members. BRP Group issues one share of Class B common stock for each LLC Unit that BRP issues. Pursuant to the terms of the Amended LLC Agreement, shares of Class B common stock will be canceled on a one-for-one basis with the redemption or exchange of LLC Units of BRP's LLC Members. As a result, the number of shares of Class B common stock will continue to increase with each Partnership in which we issue a noncontrolling interest, which will dilute the ownership interest of the Company's Class A common stockholders.

**Effects of the Reorganization on our Corporate Structure**

BRP Group was formed for the purpose of the Initial Public Offering and has engaged to date only in activities relating to BRP. BRP Group is a holding company and its sole material asset is a controlling ownership and profits interest in BRP. All of our business is conducted through BRP and its consolidated subsidiaries and affiliates, and the financial results of BRP and its consolidated subsidiaries will be included in the consolidated financial statements of BRP Group.

BRP is currently taxed as a partnership for federal income tax purposes and, as a result, its members, including BRP Group, Inc., pay taxes with respect to their allocable shares of its net taxable income. We expect that redemptions and exchanges of LLC Units will result in increases in the tax basis in our share of the tangible and intangible assets of BRP that otherwise would not have been available. These increases in tax basis may reduce the amount of tax that we would otherwise be required to pay in the future. The Tax Receivable Agreement requires BRP Group to pay 85% of the amount of such cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize to BRP's LLC Members that redeem and exchange LLC Units. Furthermore, payments under the Tax Receivable Agreement will give rise to additional tax benefits and therefore additional payments under the Tax Receivable Agreement itself.

**Follow-On Public Equity Offerings**

On June 29, 2020, we completed a public offering of 13,225,000 shares of our Class A common stock, including 1,725,000 shares sold pursuant to the underwriters' over-allotment option. The shares were sold at an offering price of $13.25 per share for net proceeds of $166.5 million after deducting underwriting discounts and commissions of $7.9 million and offering expenses of $0.8 million.

On December 11, 2020, we completed a public offering of 10,062,500 shares of our Class A common stock, including 1,312,500 shares sold pursuant to the underwriters' over-allotment option. The shares were sold at an offering price of $29.50 per share for net proceeds of $283.2 million after deducting underwriting discounts and commissions of $12.6 million and offering expenses of $1.1 million.

On September 17, 2021, we completed a public offering of 9,200,000 shares of our Class A common stock, including 1,200,000 shares sold pursuant to the underwriters' over-allotment option. The shares were sold at an offering price of $30.50 per share for net proceeds of approximately $269.4 million after deducting underwriting discounts and commissions of $11.2 million. We used such proceeds to purchase 9,200,000 LLC Units. We also paid offering expenses of $1.1 million.

**Available Information**

We make available free of charge our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after those reports are electronically filed with, or furnished to, the SEC. To access these filings, go to our website at ir.baldwinriskpartners.com, click on "Financials" and then click on "SEC Filings." We also make available other reports filed with or furnished to the SEC under the Exchange Act, including our proxy statements and reports filed by officers and directors under Section 16(a) of the Exchange Act, as well as our Code of Business Conduct and Ethics, our Insider Trading and Whistleblower Policies, and charters for our Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Executive Committee. To access these filings, go to our website, click on "Governance" and then click on "Governance Overview." In addition, our website may include disclosure relating to certain non-GAAP financial measures that we may make public orally, telephonically, by webcast, by broadcast or by similar means from time to time. The SEC also maintains an internet site that contains reports, proxy and information statements, and other information filed electronically by us with the SEC which are available at http://www.sec.gov.

We may use our website as a channel of distribution of material company information. Financial and other material information regarding the Company is routinely posted on and accessible on our website. Any information on our or the SEC's website or obtained through any such website is not part of this Annual Report on Form 10-K.

Our Investor Relations Department can be contacted at ir@baldwinriskpartners.com by clicking on "Resources" and then "Contact IR," or by telephone at (813) 259-8032.

## ITEM 1A. RISK FACTORS

**Summary Risk Factors**

Some of the factors that could materially and adversely affect our business, financial condition, results of operations or prospects, include the following:

- The continued adverse effects of the COVID-19 pandemic and an indeterminate recovery period could result in declines in business and increases in claims that could adversely affect our business, financial condition and results of operations.
- Macroeconomic conditions, political events, other market conditions in the U.S. and around the world and a decline in economic activity could have a material adverse effect on our financial condition and results of operations.
- Volatility or declines in premiums or other adverse trends in the insurance industry may seriously undermine our profitability.
- Quarterly and annual variations in our commissions that result from the timing of policy renewals and the net effect of new and lost business production may have unexpected effects on our results of operations.
- Conditions impacting our Insurance Company Partners or other parties with whom we do business may impact us.
- Competition in our industry is intense and, if we are unable to compete effectively, we may lose Clients and our business, financial condition and results of operations may be negatively affected.
- Our inability to retain or hire qualified Colleagues, as well as the loss of any of our executive officers or senior leaders, could negatively impact our reputation and/or ability to retain existing business and generate new business.
- If we are unable to apply technology effectively in driving value for our Clients through technology-based solutions or gain internal efficiencies through the application of technology and related tools, our results of operations, client relationships, growth and compliance programs could be adversely affected.
- Damage to our reputation could have a material adverse effect on our business.
- The occurrence of natural or man-made disasters, including the ongoing COVID-19 pandemic, could result in declines in business and increases in claims that could adversely affect our business, financial condition and results of operations.
- We may not be able to successfully identify and acquire Partners or integrate Partners into our company, and we may become subject to certain liabilities assumed or incurred in connection with our Partnerships that could harm our business, results of operations and financial condition.
- We have debt outstanding that could adversely affect our financial flexibility and subjects us to restrictions and limitations that could significantly impact our ability to effectively operate our business.
- Our business had historically been highly concentrated in the Southeastern United States. While we still maintain a concentration in the Southeastern United States, our rapid growth has resulted in our having several regional concentrations of our business, such that adverse economic conditions, natural disasters, loss trends or regulatory changes in one of these region could adversely affect our financial condition.
- We derive a significant portion of our commissions and fees from a limited number of our Insurance Company Partners, the loss of which could result in additional expense and loss of market share.
- We rely on third parties to perform key functions of our business operations, enabling our provision of services to our Clients. These third parties may act in ways that could harm our business.
- Our corporate culture has contributed to our success, and if we cannot maintain this culture, or if we experience a change in management, management philosophy or business strategy, our business may be harmed.

- Non-compliance with or changes in laws, regulations or licensing requirements applicable to us could restrict our ability to conduct our business and/or could adversely affect our business, financial condition and results of operations.
- Regulations affecting Insurance Company Partners with which we place insurance affect how we conduct our operations.
- Our business is subject to risks related to legal proceedings, regulatory investigations, and governmental inquiries and actions.
- E&O claims against us, and other incidents, claims, risks, exposures and/or liabilities that require us to make claims against our insurance policies, may negatively affect our business, financial condition and results of operations.
- Failure to obtain, maintain, protect, defend or enforce our intellectual property rights, or allegations that we have infringed, misappropriated or otherwise violated the intellectual property rights of others, could harm our reputation, ability to compete effectively, business, financial condition and results of operations.
- Improper disclosure of confidential, personal or proprietary information, whether due to human error, misuse of information by Colleagues, contractors, vendors, or third party bad actors, or as a result of cyberattacks or other security incidents with respect to our or our vendors' systems, tools, information, processes or services, or failure to comply with applicable laws, rules, regulations, orders, industry standards and contractual obligations regarding data privacy, security and/or cybersecurity, could result in regulatory scrutiny, legal and financial liability, reputational harm, lost revenue, and remediation costs, and could have an adverse effect on our business and/or operations.
- Our business depends on information processing systems. Data breaches or other security incidents with respect to our or our vendors' information processing systems may hurt our business, financial condition and results of operations.
- We are a holding company with our principal asset being our 51% ownership interest in BRP; accordingly, we are dependent upon distributions from BRP to pay dividends, if any, and taxes, make payments under the Tax Receivable Agreement and pay other expenses.
- In certain circumstances, BRP will be required to make distributions to us and the other holders of LLC Units, and the distributions that BRP will be required to make may be substantial.
- We will be required to pay BRP's LLC Members and any other persons that become parties to the Tax Receivable Agreement for certain tax benefits we may receive, and the amounts we may pay could be significant.
- We may issue a substantial amount of our common stock in the future, which could cause dilution to investors and otherwise adversely affect our stock price.
- We have identified material weaknesses in our internal control over financial reporting.

**Risks Relating to our Business Operations and Industry**

***The continued adverse effects of the COVID-19 pandemic and an indeterminate recovery period could result in declines in business and increases in claims that could adversely affect our business, financial condition and results of operations.***

The ongoing COVID-19 pandemic (including the emergence and spread of new variants) has created significant volatility, uncertainty and economic disruption and continues to rapidly evolve. The extent to which COVID-19 impacts our business will depend on future developments in the United States, which are highly uncertain and cannot be predicted with confidence, including:

- the continued geographic spread and severity of COVID-19, as well as new information that may emerge concerning the severity of COVID-19 and its variants;
- the duration and scope of the pandemic;
- the emergence of new virus variants that are more contagious or harmful than prior variants;
- business closures, travel restrictions, social distancing and other governmental, business and individuals' actions that have been and continue to be taken to contain and treat COVID-19;

- the availability, effectiveness and utilization of vaccines and medications to contain and treat the virus;
- the impact of the pandemic on economic activity and actions taken in response;
- the resumption of widespread economic activity;
- the ability of our Clients to pay their insurance premiums which could impact our commission and fee revenues for our services;
- the nature and extent of possible claims that might impact the ability of underwriting enterprises to pay supplemental and contingent commissions;
- any increase in the incidence or severity of E&O claims against us, and other incidents, claims, risks, exposures, and/or liabilities that require us to make claims against our insurance policies;
- any impairment in value of our tangible or intangible assets which could be recorded as a result of weaker economic conditions; and
- any failures of third parties upon which we rely to meet their obligations to us, or significant disruptions in their ability to meet those obligations in a timely manner, which may be caused by their own financial or operational difficulties.

As the COVID-19 pandemic is sustained globally, we may continue to experience disruptions to our business, including:

- our Clients choosing to limit purchases of insurance due to declining business conditions, our Clients ceasing their business operations on a temporary or permanent basis, and a reduction in our Client's insurable exposure units (such as headcount, payroll, properties, market values of their assets, and plant, equipment and other asset utilization levels, among other factors), all of which would inhibit our ability to generate commission revenue and other revenue based on premiums placed;
- a delay in cash or cash equivalent payments to us from our Clients or Insurance Company Partners due to COVID-19 (including any delays caused by "grace periods" on the collection of insurance premiums declared or proposed by governmental entities), which could negatively impact our liquidity and financial condition;
- continued travel restrictions and quarantines, which could hinder our ability to establish relationships or originate new business;
- a reduction of our ability to generate commission revenues, since certain governmental entities have proposed requiring underwriting enterprises to pay business interruption and workers' compensation claims for COVID-19 losses despite applicable policy exclusions. Such retroactively expanding business interruption or other coverages could materially affect our Insurance Company Partners, reduce the availability of insurance coverage, and negatively affect our ability to generate commission revenues from such policies as well as supplemental and contingent commissions from Insurance Company Partners; and
- continued alternative working arrangements, including Colleagues working in remote or hybrid environments, which could negatively impact our business should such arrangements remain for an extended period of time.

We cannot predict the impact that COVID-19 will have on our Clients, Insurance Company Partners, suppliers or other third- party contractors, and any material effect on these parties or their financial condition, could adversely impact us.

In addition, if the pandemic continues to create disruptions or turmoil in the credit, equity, capital or financial markets, it could adversely affect our ability to access capital on favorable terms, or at all, continue to meet our liquidity needs and repay our outstanding indebtedness and comply with the covenants contained in the agreements that govern our indebtedness, all of which are highly uncertain and cannot be predicted.

These and other developments and disruptions related to COVID-19 could contribute to and, in some cases, magnify the risks enumerated above and below and could materially and adversely affect our business, financial condition and results of operations. However, as the COVID-19 situation is unprecedented and continuously evolving, the potential impacts to our risk factors remain uncertain. Additionally, any potential effects of COVID-19 may lag behind the developments related to the COVID-19 pandemic.

***Macroeconomic conditions, political events, other market conditions in the U.S. and around the world and a decline in economic activity could have a material adverse effect on our financial condition and results of operations.***

Macroeconomic conditions, political events and other market conditions in the U.S. and around the world, including the recent resurgence of inflation and expected interest rate increases, affect the financial services industry. These conditions may reduce demand for our services or depress pricing for those services, which could have a material adverse effect on our results of operations. Changes in macroeconomic and political conditions, such as the impact from COVID-19 and rising inflation and interest rates could also shift demand to services for which we do not have a competitive advantage, and this could negatively affect the amount of business that we are able to obtain. Any changes in U.S. trade policy could trigger retaliatory actions by affected countries, resulting in "trade wars," which could affect volume of economic activity in the U.S., including demand for our services.

For example, the demand for insurance policies may be depressed by higher levels of inflation. In addition, a significant portion of our operating expenses goes to employee compensation and benefits, which are sensitive to inflation. To maintain our ability to successfully compete for the best talent, rising inflation rates may require us to provide compensation increases beyond historical increases, which may significantly increase our compensation costs. Consequently, inflation is expected to increase our operating expenses over time and may adversely impact our results of operating cash flow.

Moreover, we have various agreements to lease office space located in 20 states throughout the U.S. and part of such leases contain effective annual rent escalations either fixed or indexed based on a consumer price index or other index. During higher inflationary periods, our rent expenses may increase significantly, which may adversely affect to our business, financial condition, results of operations, and cash flows.

Furthermore, during inflationary periods, interest rates have historically increased, which would have a direct effect on the interest expense in case we decide to refinance our existing long-term borrowings, in particular the JPM Credit Agreement, or incur in any additional indebtedness.

In addition to macroeconomic conditions, political events and other market conditions, other factors such as business commissions and fees, microeconomic conditions, the volatility and strength of the capital markets, can affect our business and economic environment. The demand for insurance generally rises as the overall level of economic activity increases and generally falls as such activity decreases, affecting both the commissions and fees generated by our Middle Market, MainStreet, Medicare and Specialty Operating Groups. Downward fluctuations in the year-over-year insurance premiums charged by our Insurance Company Partners to protect against the same risk, referred to in the industry as softening of the insurance market, could adversely affect our business as a significant portion of the earnings are determined as a percentage of premium charged to our Clients. Insolvencies and consolidations associated with an economic downturn could adversely affect our brokerage business through the loss of Clients by hampering our ability to place insurance business. Also, some of our Clients may experience liquidity problems or other financial difficulties in the event of a prolonged deterioration in the economy, or any segment or sub-segment of the economy, which could have an adverse effect on our collectability of receivables. Errors and omissions claims against us, which we refer to as E&O claims, may increase in economic downturns, adversely affecting our brokerage business. In addition, other incidents, claims, risks, exposures and/or liabilities that require us to make claims against our own policies of insurance may have a similar effect. Also, the volatility or decline of economic or other market conditions could result in the increased surrender of insurance products or cause individuals to forgo insurance, thereby impacting our contingent commissions, which are primarily driven by our Insurance Company Partners' growth and profitability metrics. A decline in economic activity could have a material adverse effect on our business, financial condition and results of operations.

***Volatility or declines in premiums or other adverse trends in the insurance industry may seriously undermine our profitability.***

We derive most of our commissions and fees from our brokerage and related services. We do not determine the insurance premiums on which our commissions are generally based. Moreover, insurance premiums are cyclical in nature and may vary widely based on market conditions. Because of market cycles for insurance product pricing, which we cannot predict or control, our brokerage commissions and fees and profitability can be volatile or remain depressed for significant periods of time. In addition, there have been and may continue to be various trends in the insurance industry toward alternative insurance markets, including, among other things, greater levels of self-insurance, captives, rent-a-captives, risk retention groups and non-insurance capital markets-based solutions to traditional insurance. Our ability to generate premium-based commission revenue may also be challenged by the growing desire of some clients to compensate brokers based upon flat fees rather than a percentage of premium. This could negatively impact us because fees are generally not indexed for inflation and might not increase with premiums as commissions do or with the level of service provided.

As traditional risk-bearing insurance companies continue to outsource the production of premium commissions and fees to non-affiliated brokers or agents such as us, those insurance companies may seek to further minimize their expenses by reducing the commission rates payable to insurance brokers or agents. The reduction of these commission rates, along with general volatility or declines in premiums, may significantly affect our profitability. Because we do not determine the timing or extent of premium pricing changes, it is difficult to precisely forecast our commission and contingent commissions and fees, including whether they will significantly decline. As a result, we may have to adjust our budgets for future acquisitions, capital expenditures, dividend payments, loan repayments and other expenditures to account for unexpected changes in commissions and fees, and any decreases in premium rates may adversely affect our business, financial condition and results of operations.

***Because the commissions and fees we earn on the sale of certain insurance products is based on premiums and commission rates set by our Insurance Company Partners, any decreases in these premiums or commission rates, or actions by our Insurance Company Partners seeking repayment of commissions, could result in commissions and fees decreases or expenses to us.***

We derive commissions and fees from the sale of insurance products that are paid by our Insurance Company Partners from whom our Clients purchase insurance. Because payments for the sale of insurance products are processed internally by our Insurance Company Partners, we may not receive a payment that is otherwise expected in any particular period until after the end of that period, which can adversely affect our ability to budget for significant future expenditures. Additionally, our Insurance Company Partners or their affiliates may, under certain circumstances, seek the chargeback or repayment of commissions as a result of policy lapse, surrender, cancellation, rescission, default or upon other specified circumstances. As a result of the chargeback or repayment of commissions, we may incur an expense in a particular period related to commissions and fees previously recognized in a prior period and reflected in our financial statements. Such an expense could have a material adverse effect on our financial condition and results of operations, particularly if the expense is greater than the amount of related commissions and fees retained by us.

The commission rates are set by our Insurance Company Partners and are based on the premiums that the Insurance Company Partners charge. The potential for changes in premium rates is significant, due to pricing cyclicality in the insurance market. In addition, the insurance industry has been characterized by periods of intense price competition due to excessive underwriting capacity and periods of favorable premium levels due to shortages of capacity. Capacity could also be reduced by our Insurance Company Partners’ failing or withdrawing from writing certain coverages and/or geographic areas that we offer our Clients. Commission rates and premiums can change based on prevailing legislative, economic and competitive factors that affect our Insurance Company Partners. These factors, which are not within our control, include the capacity of our Insurance Company Partners to place new business, underwriting and non-underwriting profits of our Insurance Company Partners, consumer demand for insurance products, the availability of comparable products from other insurance companies at a lower cost and the availability of alternative insurance products, such as government benefits and self-insurance products, to consumers. We cannot predict the timing or extent of future changes in commission rates or premiums or the effect any of these changes will have on our business, financial condition and results of operations.

***Quarterly and annual variations in our commissions that result from the timing of policy renewals and the net effect of new and lost business production may have unexpected effects on our results of operations.***

Our commission income (including profit-sharing contingent commissions and override commissions) can vary quarterly or annually due to the timing of policy renewals and the net effect of new and lost business production. We do not control the factors that cause these variations. Specifically, Clients’ demand for insurance products can influence the timing of renewals, new business and lost business (which includes policies that are not renewed and cancellations). In addition, we rely on our Insurance Company Partners for the payment of certain commissions. Quarterly and annual fluctuations in commissions and fees based on increases and decreases associated with the timing of new business, policy renewals and payments from our Insurance Company Partners may adversely affect our financial condition, results of operations and cash flows.

Profit-sharing contingent commissions are special revenue-sharing override commissions paid by our Insurance Company Partners based on the attainment of certain metrics such as the profitability, volume or growth of the business placed with such companies generally during the prior year. These are not guaranteed payments and our Insurance Company Partners may change the calculations or potentially elect to stop paying them at all on an annual basis. Over the last two years these commissions generally have been in the range of 7.5% to 9.5% of our current year's total core commissions and fees. Increases in loss ratios experienced by our Insurance Company Partners will result in a decreased profit to them and may result in decreases in payments of contingent or profit-sharing commissions to us. Due to, among other things, potentially poor macroeconomic conditions, the inherent uncertainty of loss in our Clients' industries and changes in underwriting criteria (including profitability, volume or growth thresholds), due in part to the high loss ratios experienced by our Insurance Company Partners, we cannot predict the payment of these profit-sharing contingent commissions. Further, we have no control over the ability of our Insurance Company Partners to estimate loss reserves, which affects our ability to make profit-sharing calculations. Override commissions are paid by our Insurance Company Partners based on the attainment of certain metrics such as the profitability, volume or growth of the business that we place with them and are generally paid over the course of the year or in the beginning of the following year. Because profit-sharing contingent commissions and override commissions materially affect our commissions and fees, any decrease in their payment to us could adversely affect our results of operations, profitability and our financial condition.

See "—Our business had historically been highly concentrated in the Southeastern United States. While we still maintain a concentration in the Southeastern United States, our rapid growth has resulted in our having several regional concentrations of our business, such that adverse economic conditions, natural disasters, loss trends or regulatory changes in one of these regions could adversely affect our financial condition."

***Conditions impacting our Insurance Company Partners or other parties with whom we do business may impact us.***

We have a significant amount of accounts receivable from our Insurance Company Partners with whom we place insurance. If those Insurance Company Partners were to experience liquidity problems or other financial difficulties, we could encounter delays or defaults in payments owed to us, which could have a significant adverse impact on our financial condition and results of operations. The potential for one of our Insurance Company Partners to cease writing insurance we offer our Clients could negatively impact overall capacity in the industry, which in turn could have the effect of reduced placement of certain lines and types of insurance and reduced commissions and fees and profitability for us. Questions about one of our Insurance Company Partners' perceived stability or financial strength may contribute to such Insurance Company Partners' strategic decisions to focus on certain lines of insurance to the detriment of others. The failure of an Insurance Company Partner with whom we place insurance could result in E&O claims against us by our Clients, and the failure of our Insurance Company Partners could make the E&O insurance we rely upon cost prohibitive or unavailable, which could have a significant adverse impact on our financial condition and results of operations. In addition, if any of our Insurance Company Partners merge or if one of our large Insurance Company Partners fails or withdraws from certain geographic areas or from offering certain lines of insurance, overall risk-taking capital capacity could be negatively affected, which could reduce our ability to place certain lines of insurance and, as a result, reduce our commissions and fees and profitability. Such failures or insurance withdrawals on the part of our Insurance Company Partners could occur for any number of reasons, including large unexpected payouts related to climate events or other emerging risk areas.

***Competition in our industry is intense and, if we are unable to compete effectively, we may lose Clients and our business, financial condition and results of operations may be negatively affected.***

The business of providing insurance products and services is highly competitive and we expect competition to intensify. We compete for Clients on the basis of reputation, Client service, program and product offerings and our ability to tailor products and services to meet the specific needs of a Client.

We actively compete with numerous integrated financial services organizations as well as Insurance Company Partners and brokers, producer groups, individual insurance agents, investment management firms, independent financial planners and broker-dealers. Competition may reduce the fees that we can obtain for services provided, which would have an adverse effect on commissions and fees and margins. Many of our competitors have greater financial and marketing resources than we do and may be able to offer products and services that we do not currently offer and may not offer in the future. To the extent that banks, securities firms, insurance companies' affiliates and the financial services industry may experience further consolidation (such as the acquisition by Arthur J. Gallagher & Co. of substantially all of the treaty reinsurance brokerage operations from Willis Towers Watson Public Limited Company), we may experience increased competition from insurance companies and the financial services industry, as a growing number of larger financial institutions increasingly, and aggressively, offer a wider variety of financial services, including insurance intermediary services. In addition, a number of insurance companies are engaged in the direct sale of insurance, primarily to individuals, and do not pay commissions to brokers or other market intermediaries. Furthermore, we compete with various other companies that provide risk-related services or alternatives to traditional insurance services, including Insurtech start-up companies, which are focused on using technology and innovation, including artificial intelligence (AI), digital platforms, data analytics, robotics and blockchain, to simplify and improve the Client experience, increase efficiencies, alter business models and effect other potentially disruptive changes in the industries in which we operate. In addition, in recent years, private equity sponsors have invested tens of billions of dollars into the insurance sector, transforming existing players and creating new ones to compete with large brokers. These new competitors, alliances among competitors or mergers of competitors could emerge and gain significant market share, and some of our competitors may have or may develop a lower cost structure, adopt more aggressive pricing policies or provide services that gain greater market acceptance than the services that we offer or develop. With respect to our sale of Medicare-related insurance, we also compete with government-run health insurance exchanges. The federal government operates a website where Medicare beneficiaries can purchase Medicare Advantage and Medicare Part D prescription drug plans or be referred to carriers to purchase Medicare Supplement plans. We also compete with the original Medicare program. The Affordable Care Act exchanges have websites where individuals and small businesses can purchase health insurance, and they also have offline customer support and enrollment capabilities.

Competitors may be able to respond to the need for technological changes and innovate faster, or price their services more aggressively. They may also compete for skilled professionals, finance acquisitions, fund internal growth and compete for market share more effectively than we do. To respond to increased competition and pricing pressure, we may have to lower the cost of our services or decrease the level of services provided to Clients, which could have an adverse effect on our business, financial condition and results of operations.

Some of our competitors may be able to sustain the costs of litigation more effectively than we can because they have substantially greater resources. In the event that any of such competitors initiates litigation against us, such litigation, even if without merit, could be time-consuming and costly to defend and may divert management's attention and resources away from our business and adversely affect our business, financial condition and results of operations.

Similarly, any increase in competition due to new legislative or industry developments could adversely affect us. These developments include:

- increased capital-raising by insurance companies, which could result in new capital in the industry, which in turn may lead to lower insurance premiums and commissions;
- insurance companies selling insurance directly to the insured without the involvement of a broker or other intermediary;
- changes in our business compensation model as a result of legal, policy and/or regulatory developments;
- federal and state governments establishing programs to provide property insurance in catastrophe-prone areas or other alternative market types of coverage that compete with, or completely replace, insurance products offered by insurance companies;
- climate-change regulation in the U.S. and around the world moving us toward a low-carbon economy, which could create new competitive pressures around innovative insurance solutions; and
- increased competition from new market participants such as banks, accounting firms, consulting firms and Internet or other technology firms offering risk management, insurance brokerage services or new distribution channels for insurance, such as payroll firms.

New competition as a result of these or other competitive or industry developments could cause the demand for our products and services to decrease, which could in turn adversely affect our business, financial condition and results of operations.

***Our inability to retain or hire qualified Colleagues, as well as the loss of any of our executive officers or senior leaders, could negatively impact our reputation and/or ability to retain existing business and generate new business.***

Our success depends on our ability to attract and retain skilled and experienced personnel. There is significant competition from within the insurance industry and from businesses outside the industry for exceptional employees, especially in key positions. Our competitors may be able to offer a work environment with higher compensation or more opportunities than we can. Any new personnel we hire may not be or become as productive as we expect, as we may face challenges in adequately or appropriately integrating them into our workforce and culture. Our effort to retain and develop personnel may also result in significant additional expenses, which could adversely affect our profitability. We can make no assurances that qualified Colleagues will continue to be employed or that we will be able to attract and retain qualified personnel in the future. If we are not able to successfully attract, retain and motivate our Colleagues, whether as a result of an insufficient number of qualified applicants, difficulty in recruiting new Colleagues, or inadequate resources to train, integrate, and retain qualified Colleagues, our business, financial condition, results of operations and reputation could be materially and adversely affected.

If any of our key professionals were to join an existing competitor or form a competing company, some of our Clients could choose to use the services of that competitor instead of our services. Certain of our key personnel are prohibited by contract from soliciting our Colleagues and Clients and from competing in our industry in any state in which we conduct or actively plan to conduct business at the time of the employee's termination for a period of up to five years following termination of employment with us. However, there can be no assurance that we will be successful in enforcing these contracts.
In addition, we could be adversely affected if we fail to adequately plan for the succession of our senior leaders, including our founders and key executives, or if one or more of them contracts COVID-19, or is the victim of any accident, injury, illness or other ailment. In particular, our future success depends substantially on the continued service of our co-founder and Chairman, Lowry Baldwin, and our Chief Executive Officer, Trevor Baldwin. Although we operate with a decentralized management system, the loss of our senior managers or other key personnel (including the legacy management of certain joint ventures or acquired subsidiaries) in any circumstance, including any limitation on the performance of their duties or short- or long-term absence as a result of COVID-19, or any accident, injury, illness or other ailment, or our inability to continue to identify, recruit and retain such personnel, could materially and adversely affect our business, financial condition and results of operations.

***Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.***

Our operations are dependent upon our ability to protect our personnel, offices, and technology infrastructure against damage from business continuity events that could have a significant disruptive effect on our operations. Should we experience a local or regional disaster or other business continuity problem, such as an earthquake, hurricane, terrorist attack, pandemic, protest or riot, security breach, power loss, telecommunications failure or other natural or man-made disaster, our continued success will depend, in part, on the availability of personnel, office facilities, and the proper functioning of computer, telecommunication and other related systems and operations. In events like these, while our operational size, the multiple locations from which we operate, and our existing backup systems provide us with some degree of flexibility, we still can experience near-term operational challenges in particular areas of our operations. We could potentially lose key executives, personnel, client data or experience material adverse interruptions to our operations or delivery of services to Clients in a disaster recovery scenario. We may experience additional disruption due to system upgrades, outages, an increase in remote work or other impacts as a result of the ongoing COVID-19 pandemic. Our inability to successfully recover should we experience a disaster or other business continuity problem, could materially interrupt our business operations and cause material financial loss, loss of human capital, regulatory actions, reputational harm, damaged client relationships, or legal liability. Our insurance coverage with respect to natural disasters is limited and is subject to deductibles and coverage limits. Such coverage may not be adequate, or may not continue to be available at commercially reasonable rates and terms.

***If we are unable to apply technology effectively in driving value for our Clients through technology-based solutions or gain internal efficiencies through the application of technology and related tools, our results of operations, client relationships, growth and compliance programs could be adversely affected.***

Our future success depends, in part, on our ability to anticipate and respond effectively to the threat of, and the opportunity presented by, digital disruption and other technology change. These may include new applications or insurance-related services based on artificial intelligence, machine learning, robotics, blockchain or new approaches to data mining. We may be exposed to competitive risks related to the adoption and application of new technologies by established market participants (for example, through disintermediation) or new entrants such as technology companies, Insurtech start-up companies and others. We must also develop and implement technology solutions and technical expertise among our employees that anticipate and keep pace with rapid and continuing changes in technology, industry standards, client preferences and control standards. We may not be successful in anticipating or responding to these developments on a timely and cost-effective basis, and our ideas may not be accepted in the marketplace. Additionally, the effort to gain technological expertise and develop new technologies in our business may require us to incur significant expenses. Our technological development projects may also not deliver the benefits we expect once they are completed or may be replaced or become obsolete more quickly than expected, which could result in the accelerated recognition of expenses. If we cannot develop or implement new technologies as quickly as our competitors, or if our competitors develop more cost-effective technologies or product offerings, we could experience a material adverse effect on our results of operations, client relationships, growth and compliance programs.

***Damage to our reputation could have a material adverse effect on our business.***

Our reputation is one of our key assets. We advise our Clients on and provide services related to a wide range of subjects and our ability to attract and retain Clients depends greatly on the external perceptions of our level of service, trustworthiness, business practices, financial condition and other subjective qualities. If a Client is not satisfied with our services, it could cause us to incur additional costs and impair profitability or lose the Client relationship altogether, which may negatively impact other Clients' perception regarding us. Our success is also dependent on maintaining a good reputation with existing and potential Colleagues, investors, Insurance Company Partners, vendors, regulators and the communities in which we operate. Negative perceptions or publicity regarding these or other matters, including our association with Clients or business partners who themselves have a damaged reputation, or from actual or alleged conduct by us or our Colleagues, could damage our reputation. Any of these matters could have a material adverse effect on our business, financial condition and results of operations.

***Increasing scrutiny and changing expectations from investors, Clients and our Colleagues with respect to our environmental, social and governance ("ESG") practices may impose additional costs on us or expose us to new or additional risks.***

There is increased focus, including from governmental organizations, investors, employees and Clients, on ESG issues such as environmental stewardship, climate change, diversity and inclusion, pay equity, racial justice, workplace conduct and cybersecurity and data privacy. There can be no certainty that we will manage such issues successfully, or that we will successfully meet society's expectations as to our proper role. Negative public perception, adverse publicity or negative comments in social media, including as a result of actions taken by companies we acquire before the acquisition, could damage our reputation, or harm our relationships with investors, other stakeholders, regulators and the communities in which we operate, if we do not, or are not perceived to, adequately address these issues. Any harm to our reputation could impact Colleague engagement and retention and the willingness of Clients and Insurance Company Partners to do business with us.

A variety of organizations have developed ratings to measure the performance of companies on ESG topics, and the results of these assessments are widely publicized. Investments in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of such ESG measures to their investment decisions. Unfavorable ratings of BRP Group or our industry, as well as omission of inclusion of our stock into ESG-oriented investment funds may lead to negative investor sentiment and the diversion of investment to other companies or industries, which could have a negative impact on our stock price.

***The occurrence of natural or man-made disasters, including the ongoing COVID-19 pandemic, could result in declines in business and increases in claims that could adversely affect our business, financial condition and results of operations.***

We are exposed to various risks arising out of natural disasters, including earthquakes, hurricanes, fires, floods, landslides, tornadoes, typhoons, tsunamis, hailstorms, explosions, climate events or weather patterns and public health crises, illness, epidemics or pandemic health events, as well as man-made disasters, including acts of terrorism, military actions, cyber-terrorism, explosions and biological, chemical or radiological events. The continued threat of terrorism and ongoing military actions may cause significant volatility in global financial markets, and a natural or man-made disaster could trigger an economic downturn in the areas directly or indirectly affected by the disaster. These consequences could, among other things, result in a decline in business and increased claims from those areas. They could also result in reduced underwriting capacity of our Insurance Company Partners, making it more difficult for our Colleagues and contracted agents to place business. Disasters also could disrupt public and private infrastructure, including communications and financial services, which could disrupt our ordinary business operations. Any increases in loss ratios due to natural or man-made disasters could impact our contingent commissions, which are primarily driven by both growth and profitability metrics.

A natural or man-made disaster also could disrupt the operations of our counterparties or result in increased prices for the products and services they provide to us. Finally, a natural or man-made disaster could increase the incidence or severity of E&O claims against us, or other incidents, claims, risks, exposures and/or liabilities that require us to make claims against our insurance policies.

See "—Our business had historically been highly concentrated in the Southeastern United States. While we still maintain a concentration in the Southeastern United States, our rapid growth has resulted in our having several regional concentrations of our business, such that adverse economic conditions, natural disasters, loss trends or regulatory changes in one of these regions could adversely affect our financial condition." See also "—The continued adverse effects of the COVID-19 pandemic and an indeterminate recovery period could result in declines in business and increases in claims that could adversely affect our business, financial condition and results of operations."

***If our ability to enroll individuals during enrollment periods is impeded, our business, results of operations and financial condition could be harmed.***

It is difficult for the health insurance Risk Advisors we employ and our systems and processes to handle the increased volume of health insurance transactions that occur in a short period of time during the healthcare reform annual open enrollment period and the Medicare annual enrollment period. We hire additional Colleagues on a temporary or seasonal basis in a limited period of time to address the expected increase in the volume of health insurance transactions during the Medicare annual enrollment period. We must ensure that our health insurance Risk Advisors and those of outsourced call centers are timely licensed, trained and certified and have the appropriate authority to sell health insurance in a number of states and for a number of different health insurance companies. We depend on our own Colleagues, state departments of insurance, government exchanges and Insurance Company Partners for licensing, certification and appointment. If our ability to market and sell Medicare-related health insurance and individual and family health insurance is constrained during an enrollment period for any reason, such as technology failures, reduced allocation of resources, any inability to timely employ, license, train, certify and retain our Colleagues and our contractors and their health insurance Risk Advisors to sell health insurance, interruptions in the operation of our website or systems or issues with government-run health insurance exchanges, we could acquire fewer members, suffer a reduction in our membership and our business, results of operations and financial condition could be harmed.

***We may not be able to successfully identify and acquire Partners or integrate Partners into our company, and we may become subject to certain liabilities assumed or incurred in connection with our Partnerships that could harm our business, results of operations and financial condition.***

Strategic acquisitions to complement and further expand our business, which we refer to as Partnerships, have been and will likely remain an important part of our competitive strategy. If we are unable to identify and complete acquisitions, or if we are inefficient or unsuccessful at integrating any Partner into our operations, we may not be able to achieve our planned rates of growth or improve our market share, profitability or competitive position in specific markets or services. The process of integrating a Partner has created, and will continue to create, operating difficulties. The risks we face include:

- diversion of management time and focus from operating our core business to acquisition integration challenges;
- excessive costs of deploying our business support and financial management tools in acquired companies;
- delays in the successful integration of the Partner into our operations;
- failure to successfully integrate the Partner into our operations, including cultural challenges associated with integrating and retaining Colleagues;
- failure to achieve anticipated efficiencies or benefits, including through the loss of key Clients or personnel of the Partner;

- failure to realize our strategic objectives for the Partner or further develop the Partner; and
- the consequences of the conduct of our acquired companies prior to their acquisition by us, including the occurrence of data breaches or other cybersecurity attacks during the integration of information systems, as well as increased costs associated with implementing state and regulatory compliance procedures, including data privacy and cybersecurity protections.

Furthermore, when regulatory approval of our proposed Partnerships is required, our ability to complete such Partnerships may be limited by an ongoing regulatory review or other issues with the relevant regulator.

Although we conduct due diligence in connection with each of our Partnerships, there may be liabilities that we fail to discover, that we inadequately assess or that are not properly disclosed to us. In particular, to the extent that any Partner (i) failed to comply with or otherwise violated applicable laws or regulations, (ii) failed to fulfill contractual obligations to Clients, Insurance Company Partners or other third parties such as vendors, service providers or contracted agents, or (iii) incurred material liabilities or obligations to Clients that are not identified during the diligence process, we, as the successor owner, may be financially responsible for these violations, failures and liabilities and may suffer financial or reputational harm or otherwise be adversely affected. In addition, as part of a Partnership, we may assume responsibilities and obligations of the Partner pursuant to the terms and conditions of agreements entered by the acquired entity that are not consistent with the terms and conditions that we typically accept and require. We also may be subject to litigation or other claims in connection with a Partner, including claims from Colleagues, Clients, stockholders or other third parties. Any material liabilities we incur that are associated with our Partnerships could harm our business, results of operations and financial condition.

Our Partnership strategy is also affected by our ability to secure additional debt or equity financing in the future to fund acquisitions. We may not be able to obtain such additional financing or, if available, it may not be in amounts and on terms acceptable to us. We cannot predict or guarantee that we will successfully identify suitable acquisition candidates, consummate any Partnership or integrate any Partner. Any failure to do so could have an adverse impact on our business, results of operations and financial condition.

See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Partnerships” for further discussion of our strategic acquisitions.

***The provision of advisory services to clients with respect to captive insurance, and specifically, utilization of an 831(b) election, is subject to numerous, complex and frequently changing laws, regulations and governmental interpretations of the same, and non-compliance or changes in laws and regulations or governmental interpretations of the same, could harm our business, results of operations and financial condition.***

We have an advisory services business that assists certain clients with establishment of captive insurance companies, for their own purposes, which leverage the benefits of Section 831(b) of the Internal Revenue Code of 1986, as amended, and which are subject to audit and oversight from the Internal Revenue Service (“IRS”). The IRS has conducted investigations, and may be conducting investigations, of certain peers of ours that also provide similar services, with respect to whether or not such third parties are acting as a tax shelter promoter in connection with those operations. We have no reason to believe that we have been or are currently a target of any such investigation. If the IRS were to disallow 831(b) elections, modify its guidance around 831(b) elections, or otherwise investigate our business and conclude that we are a tax shelter promoter, such actions, whether or not merited, could harm our business, results of operations and financial condition.

***An impairment of goodwill could have a material adverse effect on our financial condition and results of operations.***

When we acquire Partners we record goodwill and other intangible assets. As of December 31, 2021, goodwill represented 43% of our total assets. Goodwill is not amortized and is subject to assessment for impairment at least annually. The identification and measurement of goodwill impairment involves the estimation of the fair value of our reporting units. We compare the fair value of each reporting unit with its carrying amount to determine if there is potential impairment of goodwill. Management reviews the carrying value attributed to each reporting unit at least annually to determine if the facts and circumstances suggest that there is impairment.

We may in the future be required to take additional goodwill or other asset impairment charges. Any such non-cash charges could have a material adverse effect on our financial condition and results of operations.

***In connection with the implementation of our corporate strategies, we face risks associated with the entry into new lines of business and the growth and development of these businesses.***

From time to time, either through Partnerships or internal development, we may enter new lines of business or offer new products and services within existing lines of business. These new lines of business or new products and services may present additional risks, particularly in instances where the markets are not fully developed. Such risks include the investment of significant time and resources; the possibility that these efforts will not be successful; the possibility that the marketplace does not accept our products or services, or that we are unable to retain Clients that adopt our new products or services; and the risk of additional liabilities associated with these efforts. Other risks include developing knowledge of and experience in the new lines of business, integrating the Partner into our systems and culture, recruiting professionals and developing and capitalizing on new relationships with experienced market participants. External factors, such as compliance with new or revised regulations, competitive alternatives and shifting market preferences may also impact the successful implementation of a new line of business. Failure to manage these risks in the acquisition or development of new businesses could materially and adversely affect our business, financial condition and results of operations. In addition, if we dispose of or otherwise exit certain businesses, there can be no assurance that we will not incur certain disposition-related charges, or that we will be able to reduce overhead related to the divested assets.

***We have debt outstanding that could adversely affect our financial flexibility and subjects us to restrictions and limitations that could significantly impact our ability to effectively operate our business.***

As of December 31, 2021, we had total consolidated debt outstanding of approximately $858.1 million, collateralized by substantially all the Company's assets, including a pledge of all equity securities of each of the Company's subsidiaries. During the year ending December 31, 2021, we had debt servicing costs of $48.2 million, inclusive of $5.6 million in principal repayments and $26.9 million of interest.

The level of debt we have outstanding during any period could adversely affect our financial flexibility. We also bear risk at the time debt matures. Our ability to make interest and principal payments, to refinance our debt obligations and to fund our planned capital expenditures will depend on our ability to generate cash from operations. Our ability to generate cash from operations is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control, such as an environment of rising interest rates. The need to service our indebtedness will also reduce our ability to use cash for other purposes, including working capital, dividends to stockholders, acquisitions, capital expenditures, share repurchases and general corporate purposes. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions and investments, any of which could impede the implementation of our business strategy or prevent us from entering into transactions that would otherwise benefit our business. Additionally, we may not be able to effect such actions, if necessary, on favorable terms, or at all. We may not be able to refinance any of our indebtedness on favorable terms, or at all.

The JPM Credit Agreement contains covenants that, among other things, restrict our ability to make certain restricted payments, incur additional debt, engage in certain asset sales, mergers, acquisitions or similar transactions, create liens on assets, engage in certain transactions with affiliates, change our business or make certain investments and require us to comply with certain financial covenants. The restrictions in the JPM Credit Agreement governing our debt may prevent us from taking actions that we believe would be in the best interest of our business and our stockholders and may make it difficult for us to execute our business strategy successfully or effectively compete with companies that are not similarly restricted. We may also incur future debt obligations that might subject us to additional or more restrictive covenants that could affect our financial and operational flexibility, including our ability to pay dividends. We cannot make any assurances that we will be able to refinance our debt or obtain additional financing on terms acceptable to us, or at all. A failure to comply with the restrictions under the JPM Credit Agreement could result in a default under the financing obligations or could require us to obtain waivers from our lenders for failure to comply with these restrictions. The occurrence of a default that remains uncured or the inability to secure a necessary consent or waiver could cause our obligations with respect to our debt to be accelerated and have a material adverse effect on our business, financial condition and results of operations.

The JPM Credit Agreement provides for an interest rate based on, depending on the type of loan, the Eurodollar rate or the Alternate Base Rate (as defined in the JPM Credit Agreement), plus, in each case, a margin based on Total Leverage Ratio (as defined in the JPM Credit Agreement). Under existing guidance, the publication of the London Interbank Offered Rate ("LIBOR") was to be discontinued beginning on or around the end of 2021. However, the ICE Benchmark Administration, in its capacity as administrator of USD LIBOR, announced that it extended publication of U.S. dollar LIBOR (other than one-week and two-month tenors) by 18 months to June 2023. The uncertainty regarding the transition from LIBOR to another benchmark rate or rates could have adverse impacts on our available debt that currently uses LIBOR as a benchmark rate, and ultimately, adversely affect our financial condition, results of operations, liquidity and cash flows.

***We may incur significant additional indebtedness, which may affect our ability to satisfy our obligations under the JPM Credit Agreement.***

Under the terms of the JPM Credit Agreement, we may be able to incur significant additional indebtedness, including secured indebtedness, in the future. This could require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, reduce the availability of our cash flow to fund working capital and capital expenditures and execute on our Partnership strategy, expose us to the risk of increased interest rates and increase our vulnerability to adverse economic or industry conditions. If new indebtedness is added to our current indebtedness levels, the related risks that we face could be increased, and we may not be able to meet all of our debt obligations. Furthermore, the terms of any future indebtedness we may incur could include more restrictive covenants, which could affect our financial and operational flexibility, including our ability to pay dividends.

***Our business had historically been highly concentrated in the Southeastern United States. While we still maintain a concentration in the Southeastern United States, our rapid growth has resulted in our having several regional concentrations of our business, such that adverse economic conditions, natural disasters, loss trends or regulatory changes in one of these regions could adversely affect our financial condition.***

A significant portion of our business remains concentrated in the Southeastern U.S., with several other regional concentrations. The insurance business is primarily a state-regulated industry, and therefore state legislatures may enact laws that adversely affect the insurance industry. Because our business is concentrated in several regions of the U.S., we face greater exposure to unfavorable changes in regulatory conditions in those regions than insurance intermediaries whose operations are more diversified through a greater number of states. In addition, the occurrence of adverse economic conditions, natural or other disasters, loss trends or other circumstances specific to or otherwise significantly impacting these states could adversely affect our financial condition, results of operations and cash flows. For example, Florida homeowners recently have been assigning the benefit of their insurance recovery to third parties. This practice, referred to as an “assignment of benefits” or “AOB,” and related abuses have substantially increased, and may continue to increase, our Insurance Company Partners’ exposure to inflated claims, attorney’s fees and costs. Increases in loss ratios and related costs experienced by our Insurance Company Partners will result in a decreased profit to them and may result in decreases in payments of contingent or profit-sharing commissions to us. This trend may also cause one or more of our Insurance Company Partners to reduce or cease writing insurance we offer our Clients, whether in part, entirely or on a geographic basis, which in turn could reduce our ability to place certain lines of insurance and, as a result, reduce our commissions and fees and profitability.

In addition, we are susceptible to losses and interruptions caused by hurricanes (particularly in Florida, where our headquarters and numerous offices are located), earthquakes, power shortages, telecommunications failures, water shortages, floods, fire, extreme weather conditions, geopolitical events, such as terrorist acts, and other natural or man-made disasters. Hurricanes in particular may have an outsized impact on the insurance industry. We expect to continue to grow our footprint throughout the country.

***We derive a significant portion of our commissions and fees from a limited number of our Insurance Company Partners, the loss of which could result in additional expense and loss of market share.***

For the year ended December 31, 2021, one Insurance Company Partner accounted for an aggregate of approximately 8% of our total core commissions. Should this Insurance Company Partner seek to terminate its arrangements with us or in the case of material financial impairment of such Insurance Company Partner, we could be forced to move our business to another Insurance Company Partner and additional expense and loss of market share could possibly result.

***Our business may be harmed if we lose our relationships with Insurance Company Partners, fail to maintain good relationships with Insurance Company Partners, become dependent upon a limited number of Insurance Company Partners or fail to develop new Insurance Company Partner relationships.***

Our business typically enters into contractual agency relationships with Insurance Company Partners that are sometimes unique to BRP Group, but nonexclusive and terminable on short notice by either party for any reason. In many cases, Insurance Company Partners also have the ability to amend the terms of our agreements unilaterally, including commission rates on short notice. Our Insurance Company Partners may be unwilling to allow us to sell their existing or new insurance products or may amend our agreements with them, for a variety of reasons, including for competitive or regulatory reasons or because of a reluctance to distribute their products through our platform. Our Insurance Company Partners may decide to rely on their own internal distribution channels, choose to exclude us from their most profitable or popular products, or decide not to distribute insurance products in individual markets in certain geographies or altogether. The termination or amendment of our relationship with an Insurance Company Partner could reduce the variety of insurance products we offer. We also could lose a source of, or be paid reduced commissions for, future sales and could lose renewal commissions for past sales. Our business could also be harmed if we fail to develop new Insurance Company Partner relationships.

In the future, it may become necessary for us to offer insurance products from a reduced number of Insurance Company Partners or to derive a greater portion of our commissions and fees from a more concentrated number of Insurance Company Partners as our business and the insurance industry evolve. Should our dependence on a smaller number of Insurance Company Partners increase, whether as a result of the termination of Insurance Company Partner relationships, Insurance Company Partner consolidation or otherwise, we may become more vulnerable to adverse changes in our relationships with our Insurance Company Partners, particularly in states where we offer insurance products from a relatively small number of Insurance Company Partners or where a small number of insurance companies dominate the market. The termination, amendment or consolidation of our relationship with our Insurance Company Partners could harm our business, financial condition and results of operations.

***We rely on third parties to perform key functions of our business operations, enabling our provision of services to our Clients. These third parties may act in ways that could harm our business.***

We rely on third parties, and in some cases subcontractors, to provide services, data, and information, such as technology, information security, funds transfers, data processing and administration and support functions, that are critical to our business operations. These third parties include correspondents, agents and other brokerage and intermediaries, insurance markets, data providers, plan trustees, payroll service providers, benefits administrators, software and system vendors, health plan providers, investment managers and providers of human resources, among others. As we do not fully control the actions of these third parties, we are subject to the risk that their decisions, actions or inactions may adversely impact us and replacing these service providers could create significant delays and expenses. While we generally perform cybersecurity diligence on our key vendors, because we do not control our vendors and our ability to monitor their cybersecurity is limited, we cannot ensure the cybersecurity measures they take will be sufficient to protect any information we share with them or to which they may have access. Due to applicable laws and regulations or contractual obligations, we may be held responsible for security breaches, cyberattacks or other similar incidents attributed to our vendors as they relate to the information we share with them or to which we grant them access. A failure by third parties to comply with service level agreements or regulatory or legal requirements in a high-quality and timely manner, particularly during periods of our peak demand for their services, could result in economic and reputational harm to us. In addition, we face risks as we transition from in-house functions to third-party support functions and providers, or vice versa, that there may be disruptions in service or other unintended results that may adversely affect our business operations. These third parties face their own technology, operating, business, and economic risks, and any significant failures by them, including the improper use or disclosure of our confidential Client, Colleague, consumer, or Company information, could cause harm to our reputation. An interruption in or the cessation of service by any service provider as a result of systems failures, data breaches or other cybersecurity incidents, capacity constraints, financial difficulties, or for any other reason could disrupt our operations, impact our ability to offer certain products and services, and result in contractual or regulatory fines or penalties, liability claims from Clients, or Colleagues, damage to our reputation, and harm to our business.

***We have experienced significant growth in recent periods, and our recent growth rates may not be indicative of our future growth. As our costs increase, we may not be able to generate sufficient revenue to achieve and, if achieved, maintain profitability.***

We have experienced significant revenue growth in recent periods. In future periods, we may not be able to sustain revenue growth consistent with recent history, or at all. We believe our revenue growth depends on a number of factors, including, but not limited to, our ability to:

- attract new Clients, successfully deploy and implement our products, obtain Client renewals and provide our Clients with excellent Client support;
- increase our network of Insurance Company Partners and the profit-sharing, override and/or contingent commissions that we earn from such Insurance Company Partners;
- adequately expand, train, integrate and retain our Colleagues, including our executive officers and senior leaders, and maintain or increase our sales force’s productivity;
- improve our internal control over financial reporting and disclosure controls and procedures to ensure timely and accurate reporting of our operational and financial results;
- successfully introduce new products and enhance existing products;
- successfully deploy information technology assets for use by our Colleagues and interaction with our Clients and Insurance Company Partners;
- adapt to the ever-changing regulatory and legal landscape;
- protect sensitive, personal and confidential information and data within BRP’s custody from third party bad actors;

- successfully identify and acquire new Partners;
- successfully integrate Partnerships into the Company in an operationally efficient manner;
- service our existing indebtedness;
- access the capital markets or otherwise obtain access to capital to satisfy future needs of the Company;
- successfully introduce our products to new markets and geographies; and
- successfully compete against larger companies and new market entrants.

We may not successfully accomplish any of these objectives and, in particular, the ongoing COVID-19 pandemic and ongoing macroeconomic and geopolitical uncertainty may impact our ability to successfully accomplish any of the above, and as a result, it is difficult for us to forecast our future results of operations. Our historical growth rate should not be considered indicative of our future performance and may decline in the future. In future periods, our revenue could grow more slowly than in recent periods or decline for any number of reasons, including those outlined above. If our revenue or revenue growth rates decline, investors' perceptions of our business may be adversely affected and the market price of common stock could decline.

***If we fail to manage future growth effectively, our business could be materially adversely affected.***

We have experienced rapid growth. This growth has placed significant demands on management and our operational infrastructure. As we continue to grow, we must effectively integrate, develop and motivate a large number of new Colleagues, while maintaining the beneficial aspects of our Company culture. If we do not manage the growth of our business and operations effectively, the quality of our services and efficiency of our operations could suffer and we may not be able to execute on our business plan, which could harm our brand, results of operations and overall business.

***Our corporate culture has contributed to our success, and if we cannot maintain this culture, or if we experience a change in management, management philosophy or business strategy, our business may be harmed.***

We believe that a significant contributor to our success has been our entrepreneurial and sales-oriented culture, as outlined in the Azimuth, our corporate constitution. As we grow, including from the integration of Colleagues and businesses acquired in connection with previous or future Partnerships, we may find it difficult to maintain important aspects of our corporate culture, which could negatively affect our profitability or our ability to retain and recruit people of the highest integrity and quality who are essential to our future success. We may face pressure to change our culture as we grow, particularly if we experience difficulties in attracting competent personnel who are willing to embrace our culture. In addition, as our organization grows and we are required to implement more complex organizational structures, or if we experience a change in management, management philosophy or business strategy, we may find it increasingly difficult to maintain the beneficial aspects of our corporate culture, such as our Partnership operating model, which could negatively impact our future success.

***Our results may be adversely affected by changes in the mode of compensation in the insurance industry.***

In the past, state regulators have scrutinized the manner in which insurance brokers are compensated. For example, the Attorney General of the State of New York brought charges against members of the insurance brokerage community. These actions have created uncertainty concerning longstanding methods of compensating insurance brokers. Given that the insurance brokerage industry has faced scrutiny from regulators in the past over its compensation practices, and the transparency and discourse to Clients regarding brokers' compensation, it is possible that regulators may choose to revisit the same or other practices in the future. If they do so, compliance with new regulations along with any sanctions that might be imposed for past practices deemed improper could have an adverse impact on our future results of operations and inflict significant reputational harm on our business.

***Certain of our results of operations and financial metrics may be difficult to predict as a result of seasonality.***

We have presented, and may continue to present, certain non-GAAP financial measures, such as Adjusted EBITDA and Adjusted EBITDA Margin, in filings with the SEC and other public statements. Any failure to accurately report and present our non-GAAP financial measures could cause us to fail to meet our reporting obligations and could cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our stock.

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 revenue, while overhead remains consistent throughout the year. Our revenues are generally highest in the first quarter due to the impact of contingent commission payments received in the first quarter from Insurance Company Partners that we cannot readily estimate before receipt without the risk of significant reversal and a higher degree of first quarter policy commencements and renewals in Medicare and certain Middle Market lines of business such as employee benefits and commercial. In addition, a higher proportion of our first quarter revenue is derived from our highest margin businesses.

Partnerships can significantly impact Adjusted EBITDA and Adjusted EBITDA Margins in a given year and may increase the amount of seasonality within the business, especially results attributable to Partnerships that have not been fully integrated into our business or owned by us for a full year.

***Climate risks, including the risk of an economic crisis, risks associated with the physical effects of climate events, and risks associated with governmental responses to climate risks, could adversely affect our business, results of operations and financial condition.***

The effects of climate events continue to create an alarming level of concern. The U.S. Congress, state legislatures and federal and state regulatory agencies continue to propose numerous initiatives to supplement the global effort to address climate and climate-related events. If new legislation or regulation is enacted, we could incur increased costs and capital expenditures to comply with its limitations, which may impact our financial condition and operating performance.

In addition, the U.S. Federal Reserve recently identified the climate as a systemic risk to the economy. It also reported that a gradual change in investor sentiment regarding climate risk introduces the possibility of abrupt tipping points or significant swings in sentiment, which could create unpredictable follow-on effects in financial markets. If this occurred, not only would we be negatively impacted by the general economic decline, but a drop in the stock market affecting our stock price could negatively impact our ability to grow through mergers and acquisitions financed using our common stock.

The transition to a low-carbon economy could harm specific industries or sectors such as oil and gas in ways that could impact our business. Our Clients in certain industries may be more adversely affected by climate events and could go out of business or have reduced needs for insurance-related services, which could adversely impact our revenues. Negative publicity arising from our association with Clients in disfavored businesses or industries, or the perception that we are not sufficiently focused on climate risks, could damage our reputation with investors, Clients, Colleagues and regulators. In addition, the transition to a low-carbon economy could give rise to the need for innovative insurance and risk management solutions for entirely new industries and companies, as well as advice and services to bolster climate resilience for existing companies. If we fail to innovate in response to these changes, we could lose market share to our competitors or new market entrants that do.

Moreover, if our Insurance Company Partners fail or withdraw from offering certain lines of coverage because of large payouts related to climate events, overall risk-taking capital capacity could be negatively affected, which could reduce our ability to place certain lines of coverage and, as a result, reduce our revenues and profitability.

Furthermore, climate events may pose physical risks to our business, such as the frequency and intensity of unfavorable weather conditions, such as fires, hurricanes, tornadoes, drought, water shortages, rainfall, unseasonably warm. Overall, climate events, their effects and the resulting, unknown impact could have a material adverse effect on our financial condition and results of operations.

## Risks Relating to Legal, Compliance and Regulatory Matters

***Non-compliance with or changes in laws, regulations or licensing requirements applicable to us could restrict our ability to conduct our business and/or could adversely affect our business, financial condition and results of operations.***

The industry in which we operate is subject to extensive regulation. We are subject to regulation and supervision both federally and in each applicable local jurisdiction. In general, these regulations are designed to protect Clients and the insured and to protect the integrity of the financial markets, rather than to protect stockholders or creditors. Our ability to conduct business in these jurisdictions depends on our compliance with the rules and regulations promulgated by federal, state and other regulatory and self-regulatory authorities. Failure to comply with regulatory requirements, or changes in regulatory requirements or interpretations, could result in actions by regulators, potentially leading to fines and penalties, adverse publicity and damage to our reputation in the marketplace. There can be no assurance that we will be able to adapt effectively to any changes in law. Furthermore, in some areas of our businesses, we act on the basis of our own or the industry's interpretations of applicable laws or regulations, which may conflict from state to state. In the event those interpretations eventually prove different from the interpretations of regulatory authorities, we may be penalized. In extreme cases, revocation of a subsidiary's authority to do business in one or more jurisdictions could result from failure to comply with regulatory requirements. Due to the complexity, periodic modification and differing interpretations of state insurance laws and regulations, we may not have always been, and we may not always be, in compliance with them. In addition, we could face lawsuits by Clients, the insured and other parties for alleged violations of certain of these laws and regulations. It is difficult to predict whether changes resulting from new laws and regulations, as well as changes in interpretation of current laws and regulations, will affect the industry or our business and, if so, to what degree.

Colleagues and principals who engage in the solicitation, negotiation or sale of insurance, or provide certain other insurance services, generally are required to be licensed individually. Insurance and laws and regulations govern whether licensees may share commissions with unlicensed entities and individuals. We believe that any payments we make to third parties are in compliance with applicable laws. However, should any regulatory agency take a contrary position and prevail, we will be required to change the manner in which we pay fees to such Colleagues or principals or require entities receiving such payments to become registered or licensed.

State insurance laws grant supervisory agencies, including state departments of insurance, departments of financials services, and similar regulatory authorities, broad administrative authority. State insurance regulators and the National Association of Insurance Commissioners continually review existing laws and regulations, some of which affect our business. These supervisory agencies regulate many aspects of the insurance business, including, the licensing of insurance brokers and agents and other insurance intermediaries, the handling of third-party funds held in a fiduciary capacity and trade practices, such as marketing, advertising and compensation arrangements entered into by insurance brokers and agents. This legal and regulatory oversight could reduce our profitability or limit our growth by increasing the costs of legal and regulatory compliance, and by limiting or restricting the products or services we sell, the markets we serve or enter, the methods by which we sell our products and services, and the form of compensation we can accept from our Clients, Insurance Company Partners and third parties. Moreover, in response to perceived excessive cost or inadequacy of available insurance, states have from time to time created state insurance funds and assigned risk pools, which compete directly, on a subsidized basis, with private insurance providers.

Federal, state and other regulatory and self-regulatory authorities have focused on, and continue to devote substantial attention to, the insurance industry as well as to the sale of products or services to seniors. Regulatory review or the issuance of interpretations of existing laws and regulations may result in the enactment of new laws and regulations that could adversely affect our operations or our ability to conduct business profitably. We are unable to predict whether any such laws or regulations will be enacted and to what extent such laws and regulations would affect our business.

Other legislative developments that could adversely affect us include: changes in our business compensation model as a result of regulatory developments (for example, the Patient Protection and Affordable Care Act), and federal and state governments establishing programs to provide health insurance or other alternative market types of coverage, that compete with, or completely replace, insurance products offered by insurance carriers. Also, as climate risk issues become more prevalent, the U.S. is beginning to respond to these issues. This increasing governmental focus on climate risks may result in new environmental regulations that cause us to incur additional compliance costs, which may adversely impact our results of operations and financial condition.

***Proposed tort reform legislation, if enacted, could decrease demand for casualty insurance, thereby reducing our commission revenues.***

Legislation concerning tort reform has been considered, from time to time, in the United States Congress and in several state legislatures. Among the provisions considered in such legislation have been limitations on damage awards, including punitive damages, and various restrictions applicable to class action lawsuits. Enactment of these or similar provisions by Congress, or by states in which we sell insurance, could reduce the demand for casualty insurance policies or lead to a decrease in policy limits of such policies sold, thereby reducing our commission revenues.

***Regulations affecting Insurance Company Partners with which we place insurance affect how we conduct our operations.***

Our Insurance Company Partners are also regulated by state departments of insurance for solvency and other issues and are subject to reserve requirements. We cannot guarantee that all Insurance Company Partners with which we do business comply with regulations instituted by state departments of insurance. We may need to expend resources to address questions or concerns regarding our relationships with these Insurance Company Partners, which diverts management resources away from business operations.

***Our business is subject to risks related to legal proceedings, regulatory investigations, and governmental inquiries and actions.***

We are subject to litigation, regulatory investigations and claims arising in the ordinary course of our business operations. The risks associated with these matters often may be difficult to assess or quantify and the existence and magnitude of potential claims often remain unknown for substantial periods of time. While we have insurance coverage for some of these potential claims, others may not be covered by insurance, insurers may dispute coverage or any ultimate liabilities may exceed our coverage. We may be subject to actions and claims relating to the sale, solicitation and negotiation of insurance, including the suitability of such products and services, as well as denials of coverage from our Insurance Company Partners. Actions and claims may result in the rescission of such sales; consequently, our Insurance Company Partners may seek to recoup commissions paid to us, which may lead to legal action against us. The outcome of such actions cannot be predicted and such claims or actions could have a material adverse effect on our business, financial condition and results of operations.

We are subject to laws and regulations, as well as regulatory investigations. The insurance industry has been subject to a significant level of scrutiny by various regulatory bodies, including state Attorneys General offices and state departments of insurance, concerning certain practices within the insurance industry. These practices include, without limitation, the receipt of contingent commissions by insurance brokers and agents from insurance companies and the extent to which such compensation has been disclosed, the collection of agency fees, which we define as fees separate from commissions charged directly to Clients for efforts performed in the issuance of new insurance policies, bid rigging and related matters. From time to time, our subsidiaries receive informational requests from governmental authorities.

There have been a number of revisions to existing, or proposals to modify or enact new, laws and regulations regarding insurance agents and brokers. These actions have imposed or could impose additional obligations on us with respect to our products sold. Some insurance companies have agreed with regulatory authorities to end the payment of contingent commissions on insurance products, which could impact our commissions that are based on the volume, consistency and profitability of business generated by us.

We cannot predict the impact that any new laws, rules or regulations may have on our business, financial condition and results of operations. Given the current regulatory environment and the number of our subsidiaries operating in local markets throughout the country, it is possible that we will become subject to further governmental inquiries and subpoenas and have lawsuits filed against us. Regulators may raise issues during investigations, examinations or audits that could, if determined adversely, have a material impact on us. The interpretations of regulations by regulators may change and statutes may be enacted with retroactive impact. We could also be materially adversely affected by any new industry-wide regulations or practices that may result from these proceedings.

Our involvement in any investigations and lawsuits would cause us to incur additional legal and other costs and, if we were found to have violated any laws, we could be required to pay fines, damages and other costs, perhaps in material amounts. Regardless of final costs, these matters could have a material adverse effect on us by exposing us to negative publicity, reputational damage, harm to client relationships or diversion of personnel and management resources.

***The marketing and sale of Medicare plans are subject to numerous, complex and frequently changing laws and regulations, and non-compliance or changes in laws and regulations could harm our business, results of operations and financial condition.***

The marketing and sale of Medicare plans are subject to numerous laws, regulations and guidelines at the federal and state level. The marketing and sale of Medicare Advantage and Medicare Part D prescription drug plans are principally regulated by the Centers for Medicare and Medicaid Services (“CMS”). The marketing and sale of Medicare Supplement plans are principally regulated on a state-by-state basis by state departments of insurance. The laws and regulations applicable to the marketing and sale of Medicare plans are numerous, ambiguous and complex, and, particularly with respect to regulations and guidance issued by CMS for Medicare Advantage and Medicare Part D prescription drug plans, change frequently. The telephone calls on which we enroll individuals into Medicare Advantage and Medicare Part D prescription drug plans are required to be recorded. Health insurance companies audit these recordings for compliance and listen to them in connection with their investigation of complaints. In addition, Medicare eligible individuals may receive a special election period and the ability to change Medicare Advantage and Medicare Part D prescription drug plans outside the Medicare annual enrollment period in the event that the sale of the plan was not in accordance with CMS rules and guidelines. Given CMS’s scrutiny of Medicare product health insurance companies and the responsibility of the Insurance Company Partners for actions that we take, Insurance Company Partners may terminate our relationship with them or take other corrective action if our Medicare product sales, marketing and operations are not in compliance or give rise to too many complaints. The termination of our relationship with Insurance Company Partners for this reason would reduce the products we are able to offer, could result in the loss of commissions for past and future sales and would otherwise harm our business, results of operations and financial condition.

As a result of the laws, regulations and guidelines relating to the sale of Medicare plans, we have altered, and likely will have to continue to alter, our websites and sales process to comply with several requirements that are not applicable to our sale of non-Medicare-related health insurance plans. For instance, many aspects of our online platforms and our marketing material and processes, as well as changes to these platforms, materials and processes, including call center scripts, must be filed on a regular basis with CMS and reviewed and approved by health insurance companies in light of CMS requirements. In addition, certain aspects of our Medicare plan marketing partner relationships have been in the past, and will be in the future, subjected to CMS and health insurance company review. Changes to the laws, regulations and guidelines relating to Medicare plans, their interpretation or the manner in which they are enforced could be incompatible with these relationships, our platforms or our sale of Medicare plans, which could harm our business, results of operations and financial condition.

Due to changes in CMS guidance or enforcement or interpretation of existing guidance applicable to our marketing and sale of Medicare products, or as a result of new laws, regulations and guidelines, CMS, state departments of insurance or Insurance Company Partners may determine to object to or not to approve aspects of our online platforms or marketing material and processes and may determine that certain existing aspects of our Medicare-related business are not in compliance. As a result, the progress of our Medicare operations could be slowed or we could be prevented from operating aspects of our Medicare commissions and fees generating activities altogether, which would harm our business, results of operations and financial condition, particularly if it occurred during the Medicare annual enrollment period.

We have received, and may in the future receive, inquiries from CMS or state departments of insurance regarding our marketing and business practices and compliance with laws and regulations. Inquiries and proceedings initiated by the government could adversely impact our health insurance licenses, require us to pay fines, require us to modify marketing and business practices, result in litigation and otherwise harm our business, operating results or financial condition.

In May 2021, CMS changed its process for the submission and approval of marketing materials related to Medicare Advantage and Medicare Part D prescription drug plans. The practical application of the previous process allowed for a lead carrier to handle most of the review and filing of Medicare plan marketing materials with CMS. The new process requires each carrier to approve of each filed marketing material and has resulted in a more complicated and time consuming process to get our marketing material filed with CMS and through the process with carriers. In October 2021, CMS issued new guidance that significantly broadens the types of marketing materials that we are required to file with CMS, including the requirement to file certain generic marketing materials that refer to the benefits or costs of Medicare Advantage or Medicare Part D prescription drug plans but that do not specifically mention a health insurance carrier's name or a specific plan. As a result, we now submit to each Medicare Advantage and Medicare Part D prescription drug plan carrier with which we have a relationship a significantly larger number of marketing materials than we have in the past. We may not be able to use certain of our marketing materials and implement our marketing programs effectively if CMS or an Insurance Company Partner has comments or disapproves of our marketing materials. If we do not timely file the additional marketing materials with CMS, if Insurance Company Partners do not adapt to the new CMS requirements or increase the efficiency with which they review our marketing material, or if we or our marketing partners are not successful in timely receiving Insurance Company Partner or CMS approval of our marketing materials, it could harm our sales and also harm our ability to efficiently change and implement new or existing marketing material, including call center scripts and our websites, which could impact negatively in our business, operating results and financial condition, particularly if such delay or non-compliance occurs during the Medicare annual enrollment period.

***E&O claims against us, and other incidents, claims, risks, exposures and/or liabilities that require us to make claims against our insurance policies, may negatively affect our business, financial condition and results of operations.***

We have significant insurance agency and brokerage operations, and are subject to claims and litigation in the ordinary course of business resulting from alleged and actual E&O in placing insurance and rendering coverage advice. In addition, many of our Colleagues regularly interact with Clients and prospective Clients in the field, which increases the risks of property and casualty claims arising from such interactions. Further, many of our office locations are in jurisdictions (such as California, Texas and Florida) that see higher incidents of climate events (such as hurricanes, other aggressive weather patterns and earthquakes). Dealing with any of these activities can involve the expenditure of substantial amounts of money. Since E&O claims against us may allege our liability for all or part of the amounts in question, claimants may seek large damage awards. These claims can involve significant defense costs. E&O could include failure to, whether negligently or intentionally, place coverage on behalf of Clients, provide our Insurance Company Partners with complete and accurate information relating to the risks being insured or appropriately apply funds that we hold on a fiduciary basis. It is not always possible to prevent or detect E&O and other types of claims, and the precautions we take may not be effective in all cases.

We have E&O insurance coverage to protect against the risk of liability resulting from our alleged and actual E&O. We also maintain a variety of other property and casualty policies of insurance providing varying degrees of protection against loss and damage to our property and liability for certain conduct of our Colleagues. Prices for these policies of insurance and the scope and limits of the coverage terms available depend on our claims history as well as market conditions that are outside of our control. While we endeavor to purchase coverage that is appropriate to our assessment of our risk, we are unable to predict with certainty the frequency, nature or magnitude of claims for direct or consequential damages or whether our policies of insurance will cover such claims.

In establishing liabilities for claims, we utilize case level reviews by outside counsel and an internal analysis to estimate potential losses. The liability is reviewed annually and adjusted as developments warrant. Given the unpredictability of E&O and other claims and of litigation that could flow from them, it is possible that an adverse outcome in a particular matter could have a material adverse effect on our results of operations, financial condition or cash flow in a given quarterly or annual period.

***Efforts to reduce healthcare costs and alter healthcare financing practices could adversely affect our business.***

The U.S. healthcare industry is subject to increased governmental regulation at both the federal and state levels. Certain proposals have been made at the federal and state government levels in an effort to control healthcare costs, including proposing to lower reimbursement under the Medicare program. These proposals include “single payor” government funded healthcare and price controls on prescription drugs. If these or similar efforts are successful, our business and operations could be materially adversely affected. In addition, changing political, economic and regulatory influences may affect healthcare financing and reimbursement practices. If the current healthcare financing and reimbursement system changes significantly, our business could be materially adversely affected. Congress periodically considers proposals to reform the U.S. healthcare system such as the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act in 2010. Our Insurance Company Partners may react to these proposals and the uncertainty surrounding them by reducing or delaying purchases of services that we provide. We cannot predict what effect, if any, these proposals may have on our business. Other legislative or market-driven changes in the healthcare system that we cannot anticipate could also materially adversely affect our consolidated results of operations, consolidated financial position or consolidated cash flow from operations.

**Risks Relating to Intellectual Property and Cybersecurity**

***Our business depends on a strong brand, and any failure to maintain, protect, defend and enhance our brand would hurt our ability to grow our business, particularly in new markets where we have limited brand recognition.***

We have developed a strong brand that we believe has contributed significantly to the success of our business. Maintaining, protecting and enhancing the “BRP”, “BKS Partners”, “Guided Solutions”, “Guided Medicare Solutions”, “Connected Risk Solutions”, “MGA of the Future”, “Insurance Distribution Firm of the Future”, “Inspired by Technology. Guided by Experts”, “Cure8” and “Insight Beyond Insurance” brands is critical to growing our business, particularly in new markets where we have limited brand recognition. If we do not successfully build and maintain a strong brand, our business could be materially harmed. Maintaining and enhancing the quality of our brand may require us to make substantial investments in areas such as marketing, community relations, outreach and employee training. We actively engage in advertisements, targeted promotional mailings and email communications, and engage on a regular basis in public relations and sponsorship activities. These investments may be substantial and may fail to encompass the optimal range of traditional, online and social advertising media to achieve maximum exposure and benefit to our brand. Moreover, our brand promotion activities may not generate brand awareness or yield increased revenue and, even if they do, any increased revenue may not offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brand, or incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may fail to attract new Clients or retain our existing Clients to the extent necessary to realize a sufficient return on our brand-building efforts.

We believe that our “BRP”, “BKS Partners”, “Guided Solutions”, “Guided Medicare Solutions”, “Connected Risk Solutions”, “MGA of the Future”, “Insurance Distribution Firm of the Future”, “Inspired by Technology. Guided by Experts”, “Cure8” and “Insight Beyond Insurance” trademarks (some of which are pending registration) have significant value and that these and other intellectual property are valuable assets that are critical to our success. Unauthorized uses or other infringement, misappropriation or violation of our trademarks, service marks or other intellectual property could diminish the value of our brand and may adversely affect our business. Effective intellectual property protection may not be available in every market in which we operate. Moreover, the laws of some countries do not protect intellectual property and proprietary rights to the same extent as the laws of the United States, and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate. Additionally, we cannot guarantee that future trademark registrations for pending or future applications will issue, or that any registered trademarks will be enforceable or provide adequate protection of our intellectual property and other proprietary rights. The USPTO and various foreign trademark offices also require compliance with a number of procedural, documentary, fee payment and other similar provisions during the trademark registration process and after a registration has issued. There are situations in which noncompliance can result in abandonment or cancellation of a trademark filing, resulting in partial or complete loss of trademark rights in the relevant jurisdiction. If this occurs, our competitors might be able to enter the market under identical or similar brands.

Failure to adequately protect our intellectual property rights could damage our brand and impair our ability to compete effectively. Even where we have effectively secured statutory protection for our trademarks and other intellectual property, our competitors and other third parties may infringe, misappropriate or otherwise violate our intellectual property. In the course of litigation, or as a preventative measure, such competitors and other third parties may attempt to challenge the scope of our rights or invalidate our intellectual property. If such challenges were to be successful, it could limit our ability to prevent others from using similar marks or designs may ultimately result in a reduced distinctiveness of our brand in the minds of consumers. Defending or enforcing our trademark rights, branding practices and other intellectual property could result in the expenditure of significant resources and divert the attention of management, which in turn may materially and adversely affect our business and results of operations, even if such defense or enforcement is ultimately successful.

***Failure to obtain, maintain, protect, defend or enforce our intellectual property rights, or allegations that we have infringed, misappropriated or otherwise violated the intellectual property rights of others, could harm our reputation, ability to compete effectively, business, financial condition and results of operations.***

Our success and ability to compete depends in part on our ability to obtain, maintain, protect, defend and enforce our intellectual property. To protect our intellectual property rights, we rely on a combination of trademark and copyright laws in the United States and certain other jurisdictions (whether via international convention, treaty or otherwise), trade secret protection, confidentiality agreements and other contractual arrangements with our affiliates, Colleagues, Clients, Partners and others. However, such measures provide only limited protection and the steps that we take to protect our intellectual property may be inadequate to deter infringement, misappropriation or other violation of our intellectual property or proprietary information. Policing unauthorized use of our intellectual property is difficult, expensive and time-consuming, particularly in countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak. We may be required to spend significant resources to monitor and protect our intellectual property rights. In addition, we may be unable to detect the unauthorized use of our intellectual property rights.

Failure to protect our intellectual property adequately could harm our reputation and affect our ability to compete effectively. In addition, even if we initiate litigation against third parties, such as suits alleging infringement, misappropriation or other violation of our intellectual property, we may not prevail. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Additionally, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. An adverse determination of any litigation proceedings could put our intellectual property at risk of being invalidated or interpreted narrowly and could put our related intellectual property at risk of not issuing or being cancelled. There could also be public announcements of the results of hearings, motions, or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our common stock. Any of the foregoing could adversely affect our business, financial condition and results of operations.

Meanwhile, third parties may assert intellectual property-related claims against us, including claims of infringement, misappropriation or other violation of their intellectual property, which may be costly to defend, could require the payment of damages, legal fees, settlement payments, royalty payments and other costs or damages, including treble damages if we are found to have willfully infringed, and could limit our ability to use or offer certain technologies, products or other intellectual property. Any intellectual property claims, with or without merit, could be expensive, take significant time and divert management's resources, time and attention from other business concerns. Moreover, other companies, including our competitors, may have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. Successful challenges against us could require us to modify or discontinue our use of technology or business processes where such use is found to infringe, misappropriate or otherwise violate the rights of others, or require us to purchase costly licenses from third parties, which may not be available on commercially reasonable terms, or at all. Even if a license is available to us, it could be non-exclusive thereby giving our competitors and other third parties access to the same technologies licensed to us, and we may be required to pay significant upfront fees, milestone payments or royalties, which would increase our operating expenses. Any of the foregoing could adversely affect our business, financial condition and results of operations.

***Improper disclosure of confidential, personal or proprietary information, whether due to human error, misuse of information by Colleagues, contractors, vendors or third party bad actors, or as a result of cyberattacks or other security incidents with respect to our or our vendors' systems, tools, information, processes or services, or failure to comply with applicable laws, rules, regulations, orders, industry standards and contractual obligations regarding data privacy, security and/or cybersecurity, could result in regulatory scrutiny, legal and financial liability, reputational harm, lost revenue, and remediation costs, and could have an adverse effect on our business and/or operations.***

We maintain confidential, personal and proprietary information relating to our Company, our Colleagues, our Insurance Company Partners, our vendors and our actual and prospective Clients. This information could include personally identifiable information, protected health information, such as information regarding the medical history of Clients, financial information, and other categories of sensitive or protected information. We are subject to laws, rules, regulations, orders, industry standards, contractual obligations and other legal obligations relating to the collection, use, retention, security, transfer, storage, disposition and other processing of this information. These requirements may also apply to transfers of information among our affiliates, as well as to transactions we enter into with unaffiliated third-parties.

Cybersecurity risks have significantly increased in recent years, in part, because of the proliferation of new technologies, the use of the internet and telecommunications technologies to exchange information and conduct transactions, and the increased sophistication and activities of computer hackers, organized crime, terrorists, and other external parties, including foreign state actors. We have in the past and may in the future be subject to cyberattacks. These cyberattacks could include computer viruses, malicious or destructive code, phishing attacks, social engineering attacks, denial of service or information, improper access by employees or third-party partners or other security breaches that have or could in the future result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of our confidential, proprietary, personal, and other information concerning Colleagues, Clients, Insurance Company Partners, vendors or consumers, or otherwise materially disrupt our network access or business operations.

Cybersecurity breaches, cyberattacks and other similar incidents, including, among other things, computer viruses, denial of service or information attacks, ransomware attacks, credential stuffing, social engineering, human error, fraud, unauthorized parties gaining access to our information technology systems, malware infections, phishing campaigns and vulnerability exploit attempts could disrupt the security of our internal systems and business applications or those of our vendors and impair our ability to provide services to our Clients and protect the privacy of their data. Any such incidents may also compromise confidential business information, result in intellectual property or other confidential or proprietary information being lost or stolen, including Client, Colleague or Company data, which could harm our reputation, competitive position or otherwise adversely affect our business. Cyber threats are constantly evolving, which makes it more difficult to detect cybersecurity incidents, assess their severity or impact in a timely manner, and successfully defend against them. The ongoing COVID-19 pandemic generally is increasing the attack surface available to criminals, as more companies and individuals work remotely and otherwise work online. Consequently, the risk of a cybersecurity incident has increased, and as cybersecurity threats evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate or remediate any information security vulnerabilities, security breaches, cyberattacks or other similar incidents. We cannot provide assurances that our preventative efforts, or those of our vendors or service providers, will be successful, and we may not be able to anticipate all security breaches, cyberattacks or other similar incidents, detect or react to such incidents in a timely manner, implement guaranteed preventive measures against such incidents, or adequately remediate any such incident.

Although we maintain policies, procedures and technical safeguards designed to protect the security and privacy of confidential, personal and proprietary information, we cannot eliminate the risk of, and have in the past experienced, improper access to or disclosure of personally identifiable information and related costs to mitigate the consequences from such events. It is possible that the measures we implement, including our security controls over personal data and training of Colleagues on data security, may not prevent improper access to, disclosure of or misuse of confidential, personal or proprietary information. This could cause harm to our reputation, create legal exposure or subject us to liability under laws that protect personal data, resulting in increased costs or loss of commissions and fees. In addition, improper access to or disclosure of personal and proprietary information could occur in a target we acquire prior to the acquisition or as a result of actions taken prior to the acquisition or during the integration period. Even if we receive indemnification for such events (which may not be the cure), such events could cause harm to our reputation, create legal exposure or subject us to liability under laws that protect personal data.

The occurrence of any security breach, cyberattack or other similar incident with respect to our or our vendors' systems, or our failure to make adequate or timely disclosures to the public, regulators, law enforcement agencies or affected individuals, as applicable, following any such event, could cause harm to our reputation, subject us to additional regulatory scrutiny, expose us to civil litigation, fines, damages or injunctions or subject us to liability under applicable data privacy, cybersecurity and other laws, rules and regulations, resulting in increased costs or loss of commissions and fees, any of which could have a material adverse effect on our business, financial condition and results of operations. Additionally, we cannot be certain that our insurance coverage will be adequate for cybersecurity liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that our insurer will not deny coverage as to any future claim.

We are subject to complex and frequently changing laws, rules and regulations in the various jurisdictions in which we operate relating to the collection, use, retention, security, transfer, storage, disposition and other processing of personal information. For example, legislators in the United States are proposing new and more robust cybersecurity legislation in light of the recent broad-based cyberattacks at a number of companies. These and similar initiatives around the country could increase the cost of developing, implementing or securing our networks, tools, systems and other information technology assets and require us to allocate more resources to improved technologies, adding to our information technology and compliance costs. Ensuring that our collection, use, retention, security, transfer, storage, disposition and other processing of personal information complies with applicable laws, regulations, rules and standards regarding data privacy and cybersecurity in relevant jurisdictions can increase operating costs, impact the development of new products or services, and reduce operational efficiency.

At the federal level, we are subject to, among other laws, rules and regulations, the Gramm-Leach-Bliley Act ("GLBA"), which requires financial institutions to, among other things, periodically disclose their privacy policies and practices relating to sharing personal information and, in some cases, enables retail customers to opt out of the sharing of certain personal information with unaffiliated third parties. The GLBA also requires financial institutions to implement an information security program that includes administrative, technical and physical safeguards to ensure the security and confidentiality of consumer records and information. We are also subject to the rules and regulations promulgated under the authority of the Federal Trade Commission, which regulates unfair or deceptive acts or practices, including with respect to data privacy and cybersecurity. Moreover, the United States Congress has recently considered, and is currently considering, various proposals for more comprehensive data privacy and cybersecurity legislation, to which we may be subject if passed. Data privacy and cybersecurity are also areas of increasing state legislative focus and we are, or may in the future become, subject to various state laws and regulations regarding data privacy and cybersecurity. For example, the California Consumer Protection Act of 2018 (the "CCPA"), which became effective on January 1, 2020, applies to for-profit businesses that conduct business in California and meet certain revenue or data collection thresholds. The CCPA gives California residents the right to, among other things, request disclosure of information collected about them and whether that information has been sold to others, request deletion of personal information (subject to certain exceptions), opt out of the sale of their personal information, and not be discriminated against for exercising these rights. The CCPA contains several exemptions, including an exemption applicable to personal information that is collected, processed, sold or disclosed pursuant to the GLBA. Further, effective in most material respects starting on January 1, 2023, the California Privacy Rights Act ("CPRA") (which was passed via a ballot initiative as part of the November 2020 election) will significantly modify the CCPA, including by expanding California residents' rights with respect to certain sensitive personal information. The CPRA also creates a new state agency which will be vested with authority to implement and enforce the CCPA and the CPRA. Other states where we do business, or may in the future do business, or from which we otherwise collect, or may in the future otherwise collect, personal information of residents have adopted or are considering adopting similar laws. For example, Virginia and Colorado have recently adopted comprehensive data privacy laws similar to the CCPA, which will go into effect in January and July of 2023, respectively. In addition, laws in all 50 U.S. states generally require businesses to provide notice under certain circumstances to consumers whose personal information has been improperly accessed, disclosed or otherwise compromised as a result of a data breach. Certain state laws and regulations may be more stringent, broader in scope, or offer greater individual rights, with respect to personal information than federal or other state laws and regulations, and such laws and regulations may differ from each other, which may complicate compliance efforts and increase compliance costs. Aspects of the CCPA, the CPRA, and other federal and state laws and regulations relating to data privacy and cybersecurity, as well as their enforcement, remain unclear, and we may be required to modify our practices in an effort to comply with them.

Further, while we strive to publish and prominently display privacy policies that are accurate, comprehensive, and compliant with applicable laws, regulations, rules and industry standards, we cannot ensure that our privacy policies and other statements regarding our practices will be sufficient to protect us from claims, proceedings, liability or adverse publicity relating to data privacy or cybersecurity. Although we endeavor to comply with our privacy policies, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policies and other documentation that provide promises and assurances about privacy, data protection and cybersecurity can subject us to potential federal or state action if they are found to be deceptive, unfair, or misrepresentative of our actual practices.

Any actual or perceived failure to adhere to, or successfully implement processes in response to, changing legal or regulatory requirements in this area or to comply with our privacy policies could result in legal liability, including litigation (including class actions), claims, proceedings, regulatory fines, penalties or other sanctions, governmental investigations, enforcement actions, the expenditure of substantial costs, time and other resources, damage to our reputation in the marketplace and other adverse impacts, any of which could have a material adverse effect on our business, financial condition and results of operations.

***Our business depends on information processing systems. Data breaches or other security incidents with respect to our or our vendors' information processing systems may hurt our business, financial condition and results of operations.***

Our ability to provide insurance services to Clients and to create and maintain comprehensive tracking and reporting of Client accounts depends on our capacity to collect, store, retrieve and otherwise process data, manage significant databases and expand and periodically upgrade our information processing capabilities. As our operations evolve, we will need to continue to make investments in new and enhanced information systems. Additionally, as our information system providers revise and upgrade their hardware, software and equipment technology, we may encounter difficulties integrating these new technologies into our business. Interruption or loss of our information processing capabilities or adverse consequences from implementing new or enhanced systems could have a material adverse effect on our business, financial condition and results of operations.

In the course of providing financial services, we may electronically store, transmit or otherwise process personally identifiable information, such as social security numbers or credit card or bank information, of Clients or employees of Clients. Breaches in data security or infiltration of our network security by unauthorized persons could cause interruptions in operations and damage to our reputation, among other adverse impacts. While we maintain policies, procedures and technological safeguards designed to protect the security and privacy of this information, we cannot entirely eliminate the risk of, and have in the past experienced, improper access to or disclosure of personally identifiable information and related costs to mitigate the consequences from such events. Privacy laws, rules and regulations are matters of growing public concern and are continuously changing in the states in which we operate. The failure to adhere to or successfully implement procedures to respond to these laws, rules and regulations could result in legal liability or impairment to our reputation.

Further, despite security measures we and our vendors take, our systems and those of our vendors may be vulnerable to physical break-ins, unauthorized access, viruses or other disruptive problems. As we continue to expand our business through Partnerships, we may be exposed to increased vulnerability to data breaches, cybersecurity attacks and other security incidents during the integration of information systems. If our systems or facilities were infiltrated or damaged, our Clients could experience data loss, financial loss and significant business interruption leading to a material adverse effect on our business, financial condition and results of operations. We may be required to expend significant additional resources to modify protective measures, to investigate and remediate vulnerabilities or other exposures or to make required notifications.

***We rely on the availability and performance of information technology services provided by third parties.***

While we maintain some of our critical information technology systems, we also depend on third-party service providers to provide important information technology services relating to, among other things, agency management services, sales and service support, network, device and event monitoring, cybersecurity, electronic communications and certain finance functions. If the service providers to which we outsource these functions do not perform effectively, we may not be able to achieve the expected cost savings and may have to incur additional costs to correct errors made by such service providers. Depending on the function involved, such errors may also lead to business disruption, processing inefficiencies, the loss of or damage to intellectual property through a security breach, the loss of sensitive, personal or confidential data through a security breach, or otherwise. While we and our third-party service providers have not experienced any significant disruption, failure or breach impacting our or their information technology systems, any such disruption, failure or breach could adversely affect our business, financial condition and results of operations.

**Risks Relating to our Organizational Structure**

***We are a holding company with our principal asset being our 51% ownership interest in BRP; accordingly, we are dependent upon distributions from BRP to pay dividends, if any, and taxes, make payments under the Tax Receivable Agreement and pay other expenses.***

We are a holding company and our principal asset is our direct or indirect ownership of 51% of the outstanding LLC Units. We have no independent means of generating commissions and fees. As the sole managing member of BRP, we intend to cause BRP to make distributions to the holders of LLC Units and us, in amounts sufficient to (i) cover all applicable taxes payable by us and the holders of LLC Units, (ii) allow us to make any payments required under the Tax Receivable Agreement we entered into as part of the Reorganization Transactions and (iii) fund dividends to our stockholders in accordance with our dividend policy, to the extent that our board of directors declares such dividends.

Deterioration in the financial conditions, earnings or cash flow of BRP and its subsidiaries for any reason could limit or impair their ability to pay such distributions. Additionally, to the extent that we need funds and BRP is restricted from making such distributions to us under applicable law or regulation, as a result of covenants in its debt agreements or otherwise, we may not be able to obtain such funds on terms acceptable to us, or at all, and, as a result, could suffer a material adverse effect on our liquidity and financial condition.

***In certain circumstances, BRP will be required to make distributions to us and the other holders of LLC Units, and the distributions that BRP will be required to make may be substantial.***

Under the Amended LLC Agreement, BRP will generally be required from time to time to make pro rata distributions in cash to us and the other holders of LLC Units at certain assumed tax rates in amounts that are intended to be sufficient to cover the taxes on our and the other LLC Unit holders' respective allocable shares of the taxable income of BRP. As a result of (i) potential differences in the amount of net taxable income allocable to us and the other LLC Unit holders, (ii) the lower tax rate applicable to corporations than individuals and (iii) the favorable tax benefits that we anticipate receiving from (a) previous acquisitions by BRP Group of LLC Units and future taxable redemptions or exchanges of LLC Units for shares of our Class A common stock or cash and (b) payments under the Tax Receivable Agreement, we expect that these tax distributions will be in amounts that exceed our tax liabilities and obligations to make payments under the Tax Receivable Agreement. Our board of directors will determine the appropriate uses for any excess cash so accumulated, which may include, among other uses, dividends, repurchases of our Class A common stock, the payment of obligations under the Tax Receivable Agreement and the payment of other expenses. We will have no obligation to distribute such cash (or other available cash other than any declared dividend) to our stockholders. No adjustments to the redemption or exchange ratio of LLC Units for shares of Class A common stock will be made as a result of either (i) any cash distribution by us or (ii) any cash that we retain and do not distribute to our stockholders. To the extent that we do not distribute such excess cash as dividends on our Class A common stock and instead, for example, hold such cash balances or lend them to BRP, holders of LLC Units would benefit from any value attributable to such cash balances as a result of their ownership of Class A common stock following a redemption or exchange of their LLC Units.

***We are controlled by BRP's LLC Members whose interests in our business may be different than yours, and certain statutory provisions afforded to stockholders are not applicable to us.***

BRP's LLC Members control approximately 49% of the combined voting power of our common stock at December 31, 2021. Further, pursuant to the Stockholders Agreement we and the Pre-IPO LLC Members (who collectively control 23% of the consolidated voting power of our common stock as of December 31, 2021) entered into, Pre-IPO LLC Members may approve or disapprove substantially all transactions and other matters requiring approval by our stockholders, such as a merger, consolidation or sale of all or substantially all of our assets, any dissolution, liquidation or reorganization of us or our subsidiaries or any acquisition or disposition of any asset in excess of 5% of total assets, the incurrence, guarantee, assumption or refinancing of indebtedness, or grant of a security interest, in excess of 10% of total assets (or that would cause aggregate indebtedness or guarantees thereof to exceed 10% of total assets), the issuance or redemption of certain additional equity interests in an amount exceeding $10 million, the establishment or amendment of any equity, purchase or bonus plan for the benefit of employees, consultants, officers or directors, any capital or other expenditure in excess of 5% of total assets, the declaration or payment of dividends on capital stock or distributions by BRP on LLC Units other than tax distributions as defined in the Amended LLC Agreement. Other matters requiring approval by BRP's LLC Members pursuant to the Stockholders Agreement include changing the number of directors on our board of directors, changing the jurisdiction of incorporation, changing the location of BRP's headquarters, changing the name of BRP, amendments to governing documents, adopting a shareholder rights plan and any changes to BRP's fiscal year or public accountants. In addition, the Stockholders Agreement provides that approval by BRP's LLC Members is required for any changes to the strategic direction or scope of BRP Group and BRP's business, any acquisition or disposition of any asset or business having consideration or fair value in excess of 5% of our total assets and the hiring and termination of our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Partnership Officer or other change to senior management or key Colleagues (including terms of compensation). Furthermore, the Stockholders Agreement provides that, for so long as the Pre-IPO LLC Members beneficially hold at least 10% of the aggregate number of outstanding shares of our common stock (the "Substantial Ownership Requirement"), Pre-IPO LLC Members may designate a majority of the nominees for election to our board of directors, including the nominee for election to serve as Chairman of our board of directors. A group comprised of Baldwin Insurance Group Holdings, LLC, an entity controlled by Lowry Baldwin, our Chairman, Lowry Baldwin, Elizabeth Krystyn, Laura Sherman, Trevor Baldwin, our Chief Executive Officer, Kris Wiebeck, our Chief Strategy Officer, John Valentine, our Chief Partnership Officer, Dan Galbraith, our Chief Operating Officer, Brad Hale, our Chief Financial Officer, Joseph Finney, Highland Risk Services LLC and certain trusts established by such individuals have entered into a voting agreement, as amended, or the Voting Agreement, with Lowry Baldwin, our Chairman, pursuant to which, in connection with any meeting of our shareholders or any written consent of our shareholders, each such person and trust party thereto will agree to vote or exercise their right to consent in the manner directed by Lowry Baldwin. As of the date of this Annual Report on Form 10-K, Lowry Baldwin through the Voting Agreement beneficially owns 31.2% of the voting power of our common stock.

This concentration of ownership and voting power may also delay, defer or even prevent an acquisition by a third party or other change of control of our Company, which could deprive you of an opportunity to receive a premium for your shares of Class A common stock and may make some transactions more difficult or impossible without the support of the Pre-IPO LLC Members, even if such events are in the best interests of minority stockholders. Furthermore, this concentration of voting power with Pre-IPO LLC Members may have a negative impact on the price of our Class A common stock. In addition, Pre-IPO LLC Members will have the ability to designate a majority of the nominees for election to our board of directors, including the nominee for election to serve as Chairman of our board of directors until the Substantial Ownership Requirement is no longer met. As a result, Pre-IPO LLC Members may not be inclined to permit us to issue additional shares of Class A common stock, including for the facilitation of acquisitions, if it would dilute their holdings below the 10% threshold.

We cannot predict whether our dual-class structure, combined with the concentrated control of Pre-IPO LLC Members, will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indexes. In July 2017, FTSE Russell announced that it plans to require new constituents of its indexes to have greater than 5% of the company’s voting rights in the hands of public stockholders, and S&P Dow Jones announced that it will no longer admit companies with multiple-class share structures to certain of its indexes. Because of our dual-class structure, we will likely be excluded from these indexes and we cannot assure you that other stock indexes will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

Pre-IPO LLC Members’ interests may not be fully aligned with yours, which could lead to actions that are not in your best interests. Because the Pre-IPO LLC Members hold a majority of their economic interests in our business through BRP rather than through BRP Group, they may have conflicting interests with holders of shares of our Class A common stock. For example, the Pre-IPO LLC Members may have a different tax position from us, which could influence their decisions regarding whether and when we should dispose of assets or incur new or refinance existing indebtedness, especially in light of the existence of the Tax Receivable Agreement and whether and when we should undergo certain changes of control for purposes of the Tax Receivable Agreement or terminate the Tax Receivable Agreement. In addition, the structuring of future transactions may take into consideration these tax or other considerations even where no similar benefit would accrue to us. Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the Internal Revenue Service (“IRS”) makes audit adjustments to BRP’s federal income tax returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from BRP. If, as a result of any such audit adjustment, BRP is required to make payments of taxes, penalties and interest, BRP’s cash available for distributions to us may be substantially reduced. These rules are not applicable to BRP for tax years beginning on or prior to December 31, 2017. In addition, the Pre-IPO LLC Members’ significant ownership in us and resulting ability to effectively control us may discourage someone from making a significant equity investment in us, or could discourage transactions involving a change in control, including transactions in which you as a holder of shares of our Class A common stock might otherwise receive a premium for your shares over the then-current market price.

Our certificate of incorporation and Stockholders Agreement provides that, to the fullest extent permitted by law, the doctrine of “corporate opportunity” under Delaware law will only apply against our directors and officers and their respective affiliates for competing activities related to insurance brokerage activities. This doctrine will not apply to any business activity other than insurance brokerage activities. Furthermore, the Pre-IPO LLC Members have business relationships outside of our business.

***We will be required to pay BRP’s LLC Members and any other persons that become parties to the Tax Receivable Agreement for certain tax benefits we may receive, and the amounts we may pay could be significant.***

Previous acquisitions by BRP Group of LLC Units from BRP's LLC Members and future taxable redemptions or exchanges by BRP’s LLC Members of LLC Units for shares of our Class A common stock or cash, as well as other transactions described herein, are expected to result in tax basis adjustments to the assets of BRP that will be allocated to us and thus produce favorable tax attributes. These tax attributes would not be available to us in the absence of those transactions. The tax basis adjustments are expected to reduce the amount of tax that we would otherwise be required to pay in the future.

The Tax Receivable Agreement with BRP's LLC Members provides for the payment by us to BRP's LLC Members 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 BRP Group's assets resulting from (a) previous acquisitions by BRP Group of LLC Units from BRP's LLC Members, (b) the purchase of LLC Units from BRP's LLC Members using the net proceeds from any future offering, (c) redemptions or exchanges by BRP's LLC Members of LLC Units for shares of our Class A common stock or cash or (d) payments under the Tax Receivable Agreement and (ii) tax benefits related to imputed interest resulting from payments made under the Tax Receivable Agreement. The payment obligations under the Tax Receivable Agreement are our obligations and not obligations of BRP.

The actual increases in tax basis with respect to future taxable redemptions, exchanges or purchases of LLC Units, as well as the amount and timing of any payments we are required to make under the Tax Receivable Agreement will depend on a number of factors, including the market value of our Class A common stock at the time of future redemptions or exchanges, the prevailing federal tax rates applicable to us over the life of the Tax Receivable Agreement (as well as the assumed combined state and local tax rate), the amount and timing of the taxable income that we generate in the future and the extent to which future redemptions, exchanges or purchases of LLC Units are taxable transactions.

Payments under the Tax Receivable Agreement are not conditioned on BRP's LLC Members' continued ownership of us. There may be a material negative effect on our liquidity if the payments under the Tax Receivable Agreement exceed the actual benefits we receive in respect of the tax attributes subject to the Tax Receivable Agreement and/or distributions to us by BRP are not sufficient to permit us to make payments under the Tax Receivable Agreement.

In addition, although we are not aware of any issue that would cause the IRS to challenge the tax basis increases or other benefits arising under the Tax Receivable Agreement, BRP's LLC Members will not reimburse us for any payments previously made if such tax basis increases or other tax benefits are subsequently disallowed, except that any excess payments made to BRP's LLC Members will be netted against future payments otherwise to be made under the Tax Receivable Agreement, if any, after our determination of such excess. As a result, in such circumstances, we could make payments to BRP's LLC Members under the Tax Receivable Agreement that are greater than our actual cash tax savings and we may not be able to recoup those payments, which could negatively impact our liquidity.

In addition, the Tax Receivable Agreement provides that, upon certain mergers, asset sales or other forms of business combination, or certain other changes of control, our or our successor's obligations with respect to tax benefits would be based on certain assumptions, including that we or our successor would have sufficient taxable income to fully utilize the increased tax deductions and tax basis and other benefits covered by the Tax Receivable Agreement. As a result, upon a change of control, we could be required to make payments under the Tax Receivable Agreement that are greater than the specified percentage of our actual cash tax savings, which could negatively impact our liquidity.

This provision of the Tax Receivable Agreement may result in situations where BRP's LLC Members have interests that differ from or are in addition to those of our other stockholders. In addition, we could be required to make payments under the Tax Receivable Agreement that are substantial and in excess of our, or a potential acquirer's, actual cash savings in income tax.

Our obligations under the Tax Receivable Agreement will also apply with respect to any person who is issued LLC Units in the future and who becomes a party to the Tax Receivable Agreement.

Finally, because we are a holding company with no operations of our own, our ability to make payments under the Tax Receivable Agreement depends on the ability of BRP to make distributions to us. The JPM Credit Agreement restricts the ability of BRP to make distributions to us, which could affect our ability to make payments under the Tax Receivable Agreement. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest until paid, which could negatively impact our results of operations and could also affect our liquidity in periods in which such payments are made.

## Risks Relating to Ownership of our Class A Common Stock

***We recently ceased to be an emerging growth company, and now are required to comply with certain heightened reporting requirements, including those relating to auditing standards and disclosure about our executive compensation.***

The Jumpstart Our Business Startups Act of 2012, (the "JOBS Act"), contains provisions that, among other things, relax certain reporting requirements for "emerging growth companies," including certain requirements relating to auditing standards and compensation disclosure. Prior to December 31, 2021, we were classified as an emerging growth company. As an emerging growth company, we were not required to, among other things, (i) provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act, (ii) comply with any new requirements adopted by the PCAOB requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer, (iii) provide certain disclosures regarding executive compensation required of larger public companies or (iv) hold nonbinding advisory votes on executive compensation. When we were an emerging growth company, we followed the exemptions described above. We also elected to use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards under Section 102(b)(2) of the JOBS Act. This election allowed us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result, our financial statements may not have been comparable to companies that comply with public company effective dates, and our stockholders and potential investors may have difficulty in analyzing our historical operating results if comparing us to such companies. In addition, because we relied on exemptions available to emerging growth companies, our historical public filings contained less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies.

We expect to incur additional costs associated with the heightened reporting requirements described above, including the requirement to provide auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act, as well as additional audit costs resulting from PCAOB requirements. In addition, our auditors may identify control deficiencies of varying degrees of severity, and we may incur significant costs to remediate those deficiencies or otherwise improve our internal controls. As a public company, we are required to report any control deficiencies that constitute a "material weakness" in our internal control over financial reporting, and doing so could impair our ability to raise capital and otherwise adversely affect the value of our securities. See "—We have identified material weaknesses in our internal control over financial reporting. If our remediation of these material weaknesses is not effective, or if we experience additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls in the future, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock.

***Some provisions of Delaware law and our certificate of incorporation and by-laws may deter third parties from acquiring us and diminish the value of our Class A common stock.***

Our certificate of incorporation and by-laws provide for, among other things:

- division of our board of directors into three classes of directors, with each class as equal in number as possible, serving staggered three-year terms;
- until the Substantial Ownership Requirement is no longer met, BRP's LLC Members may designate a majority of the nominees for election to our board of directors, including the nominee for election to serve as Chairman of our board of directors;
- our ability to issue additional shares of Class A common stock and to issue preferred stock with terms that our board of directors may determine, in each case without stockholder approval (other than as specified in our certificate of incorporation);
- the absence of cumulative voting in the election of directors; and
- advance notice requirements for stockholder proposals and nominations.

These provisions in our certificate of incorporation and by-laws may discourage, delay or prevent a transaction involving a change in control of our company that is in the best interest of our minority stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our Class A common stock if they are viewed as discouraging future takeover attempts. These provisions could also make it more difficult for stockholders to nominate directors for election to our board of directors and take other corporate actions.

***We may issue a substantial amount of our common stock in the future, which could cause dilution to investors and otherwise adversely affect our stock price.***

A key element of our growth strategy is to make acquisitions. As part of our acquisition strategy, we may issue shares of our common stock, as well as LLC Units of BRP, as consideration for such acquisitions. These issuances could be significant. To the extent that we make acquisitions and issue our shares of common stock as consideration, your equity interest in us will be diluted. Any such issuance will also increase the number of outstanding shares of common stock that will be eligible for sale in the future. Persons receiving shares of our common stock in connection with these acquisitions may be more likely to sell off their common stock, which may influence the price of our common stock. In addition, the potential issuance of additional shares in connection with anticipated acquisitions could lessen demand for our common stock and result in a lower price than might otherwise be obtained. We may issue a significant amount of our common stock in the future for other purposes as well, including in connection with financings, including to finance the cash portion of acquisition consideration to execute on our Partnership strategy, for compensation purposes, in connection with strategic transactions or for other purposes.

***We have identified material weaknesses in our internal control over financial reporting. If our remediation of these material weaknesses is not effective, or if we experience additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls in the future, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock.***

In connection with our audit of the fiscal year 2021 consolidated financial statements, we identified three material weaknesses in the design and operation of our internal control over financial reporting. The material weaknesses relate to: (i) a lack of sufficient number of personnel with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately; (ii) insufficient policies and procedures to achieve complete and accurate financial accounting, reporting and disclosures and (iii) failure to design and maintain controls over the operating effectiveness of information technology (“IT”) general controls, all of which were originally identified in connection with the audit of our 2018 consolidated financial statements and still exist as of December 31, 2021.

We are continuing the process of planning and implementing a number of steps to enhance our internal control over financial reporting and to address these material weaknesses. We have completed the hiring of key personnel in the accounting department with technical accounting and financial reporting experience and have enhanced our internal review procedures during the financial statement close process. We are continuing to document and improve our processes, implement internal controls procedures and design and implement IT general computer controls.

We cannot assure you that the measures we have taken to date, and actions we may take in the future, will be sufficient to remediate the control deficiencies that led to our material weaknesses in our internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. We will be required in future years to document and assess the effectiveness of our system of internal control over financial reporting to satisfy the requirements of the Sarbanes-Oxley Act.

If we fail to effectively remediate these material weaknesses in our internal control over financial reporting, if we identify future material weaknesses in our internal control over financial reporting or if we are unable to comply with the demands that will be placed upon us as a public company, including the requirements of Section 404 of the Sarbanes-Oxley Act, in a timely manner, we may be unable to accurately report our financial results, or report them within the timeframes required by the SEC. In addition, if we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, when required, investors may lose confidence in the accuracy and completeness of our financial reports, we may face restricted access to the capital markets and our stock price may be adversely affected.

***We expect that our stock price will be volatile, which could cause the value of your investment to decline, and you may not be able to resell your shares for a profit.***

Securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our Class A common stock regardless of our results of operations. The trading price of our Class A common stock is likely to be volatile and subject to wide price fluctuations in response to various factors, including:

- market conditions in the broader stock market in general, or in our industry in particular;
- actual or anticipated fluctuations in our quarterly financials and results of operations;
- introduction of new products and services by us or our competitors;
- issuance of new or changed securities analysts’ reports or recommendations;

- investor perceptions of us and the industries in which we or our Clients operate;
- low trading volumes or sales, or anticipated sales, of large blocks of our Class A common stock, including those by our existing investors or our Partners;
- concentration of Class A common stock ownership;
- additions or departures of key personnel;
- regulatory or political developments;
- litigation and governmental investigations;
- changing economic and political conditions;
- the perceived adequacy of our ESG efforts;
- our ability or perceived ability to:
    - attract new Clients, successfully deploy and implement our products, obtain Client renewals and provide our Clients with excellent Client support;
    - increase our network of Insurance Company Partners and the profit-sharing, override and/or contingent commissions that we earn from such Insurance Company Partners;
    - adequately expand, train, integrate and retain our Colleagues, including our executive officers and senior leaders, and maintain or increase our sales force's productivity;
    - improve our internal control over financial reporting and disclosure controls and procedures to ensure timely and accurate reporting of our operational and financial results;
    - successfully introduce new products and enhance existing products;
    - successfully deploy information technology assets for use by our Colleagues and interaction with our Clients and Insurance Company Partners;
    - adapt to the ever-changing regulatory and legal landscape;
    - protect sensitive, personal and confidential information and data within BRP's custody from third party bad actors;
    - successfully identify and acquire new Partners;
    - successfully integrate Partnerships into the Company in an operationally efficient manner;
    - service our existing indebtedness;
    - access the capital markets or otherwise obtain access to capital to satisfy future needs of the Company;
    - successfully introduce our products to new markets and geographies; and
    - successfully compete against larger companies and new market entrants.
- announced or completed acquisitions of businesses or technologies by us or our competitors; and
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business, including developments relating to the health care industry and the marketing and sale of Medicare plans.

These and other factors may cause the market price and demand for shares of our Class A common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of Class A common stock and may otherwise negatively affect the liquidity of our Class A common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation.

***Our ability to pay dividends to our stockholders may be limited by our holding company structure, contractual restrictions and regulatory requirements.***

We are a holding company and have no material assets other than our ownership of LLC Units in BRP and we do not have any independent means of generating commissions and fees. We intend to cause BRP to make pro rata distributions to BRP's LLC Members and us in an amount at least sufficient to allow us and BRP's LLC Members to pay all applicable taxes, to make payments under the Tax Receivable Agreement and to pay our corporate and other overhead expenses. BRP is a distinct legal entity and may be subject to legal or contractual restrictions that, under certain circumstances, may limit our ability to obtain cash from them. If BRP is unable to make distributions, we may not receive adequate distributions, which could materially and adversely affect our dividends and financial position and our ability to fund any dividends.

Our board of directors will periodically review the cash generated from our business and the capital expenditures required to finance our global growth plans and determine whether to declare periodic dividends to our stockholders. Our board of directors will take into account general economic and business conditions, including our financial condition and results of operations, capital requirements, contractual restrictions, including restrictions and covenants contained in the JPM Credit Agreement, business prospects and other factors that our board of directors considers relevant. In addition, the JPM Credit Agreement limits the amount of distributions that BRP can make to us and the purposes for which distributions could be made. Accordingly, we may not be able to pay dividends even if our board of directors would otherwise deem it appropriate. Refer to the Liquidity and Capital Resources section under Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information.

***If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our Class A common stock, the price of our Class A common stock could decline.***

The trading market for our Class A common stock will rely in part on the research and reports that industry or securities analysts publish about us or our business. We currently have research coverage by industry and securities analysts. If no or few analysts continue coverage of us, the trading price of our Class A common stock would likely decrease. If one or more of the analysts covering our business downgrade their evaluations of our Class A common stock, the price of our Class A common stock could decline. If one or more of these analysts cease to cover our Class A common stock, we could lose visibility in the trading market for our Class A common stock, which in turn could cause our Class A common stock price to decline.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

Our corporate headquarters is located in leased offices in Tampa, Florida. The leases consist of approximately 91,500 square feet and expire in May and August 2030. Our insurance brokerage business leases office space in approximately 120 operating locations located in 20 states throughout the U.S. These offices are generally located in shopping centers, small office parks and office buildings, with lease terms expiring within two to nine years. These facilities are suitable for our needs and we believe that they are well maintained.

## ITEM 3. LEGAL PROCEEDINGS

We are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Class A common stock is listed on the Nasdaq Global Select Market ("Nasdaq") under the symbol "BRP." Our Class B Common Stock is not listed nor traded on any stock exchange.

On February 22, 2022, there were 60 shareholders of record of our Class A common stock and 66 shareholders of record of our Class B common stock. The number of record holders does not include persons who held shares of our Class A common stock in nominee or "street name" accounts through brokers.

**Dividend Policy**

Subject to funds being legally available, we intend to cause BRP to make pro rata distributions to the holders of LLC Units and us in an amount at least sufficient to allow us and the holders of LLC Units to pay all applicable taxes, to make payments under the Tax Receivable Agreement and to pay our corporate and other overhead expenses. The declaration and payment of any dividends will be at the sole discretion of our board of directors, which may change our dividend policy at any time. We do not currently pay dividends outside of tax payments. Should that change, our board of directors will take into account:

- general economic and business conditions;
- our financial condition and operating results;
- our available cash and current and anticipated cash needs;
- our capital requirements;
- contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries (including BRP) to us; and
- such other factors as our board of directors may deem relevant.

BRP Group is a holding company and has no material assets other than its ownership of LLC Units in BRP, and as a consequence, our ability to declare and pay dividends to the holders of our Class A common stock will be subject to the ability of BRP to provide distributions to us. If BRP makes such distributions, the holders of LLC Units will be entitled to receive equivalent distributions from BRP. However, because we must pay taxes, make payments under the Tax Receivable Agreement and pay our expenses, amounts ultimately distributed as dividends to holders of our Class A common stock are expected to be less than the amounts distributed by BRP to the holders of LLC Units on a per share basis.

Assuming BRP makes distributions to its members in any given year, the determination to pay dividends, if any, to our Class A common stockholders out of the portion, if any, of such distributions remaining after our payment of taxes, Tax Receivable Agreement payments and expenses (any such portion, an "excess distribution") will be made by our board of directors. Because our board of directors may determine to pay or not pay dividends to our Class A common stockholders, our Class A common stockholders may not necessarily receive dividend distributions relating to excess distributions, even if BRP makes such distributions to us.

**Sales of Unregistered Securities**

The following list sets forth information regarding all unregistered securities sold or issued by us since September 30, 2021 and the subsequent period prior to the filing of this Annual Report on Form 10-K. No underwriters were involved in these sales. There was no general solicitation of investors or advertising, and we did not pay or give, directly or indirectly, any commission or other remuneration, in connection with the offering of these securities. In the transactions described below, the recipients of the securities represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the securities issued in these transactions.

- On October 1, 2021, as partial consideration for the acquisition of substantially all of the assets of White Hill Plaza, Inc. (operating as K&S Insurance Agency), BRP Group issued 1,018,874 shares of Class B common stock (and BRP issued the corresponding 1,018,874 LLC Units.)
- On October 1, 2021, as partial consideration for the acquisition of substantially all of the assets of Jacobson, Goldfarb & Scott, Inc., including the equity interests of certain of its subsidiaries, BRP Group issued 1,821,625 shares of Class B common stock (and BRP issued the corresponding 1,821,625 LLC Units).

- On December 1, 2021, as partial consideration for the acquisition of substantially all of the assets of Wood Guttman & Bogart Insurance Brokers and certain of its affiliates and related entities, BRP Group issued 179,365 shares of Class A common stock, 696,897 shares of Class B common stock (and BRP issued the corresponding 696,897 LLC Units), and subsequently BRP Group issued an additional 21,824 shares of Class A common stock on December 17, 2021 in connection with certain additional assets that were acquired post-closing.
- On December 1, 2021, as partial consideration for the acquisition of substantially all of the equity interests of Construction Risk Partners, LLC, BRP Group issued 936,013 shares of Class B common stock (and BRP issued the corresponding 936,013 LLC Units).
- On December 7, 2021, as partial consideration for the acquisition of substantially all of the assets of Brush Creek, LLC, BRP Group issued 114,936 shares of Class A common stock.

The securities described above were issued to a limited number of investors, all of which had sufficient knowledge and experience in financial and business matters to make them capable of evaluating the merits and risks of the prospective investment, and for nominal consideration. The offer, sale and issuance of the securities described above were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act as transactions by an issuer not involving any public offering.

Subject to the terms of the Amended LLC Agreement, each LLC Unit of BRP is redeemable or exercisable (along with the cancellation of the corresponding share of Class B common stock) into one share of Class A common stock.

**Issuer Purchases of Equity Securities**

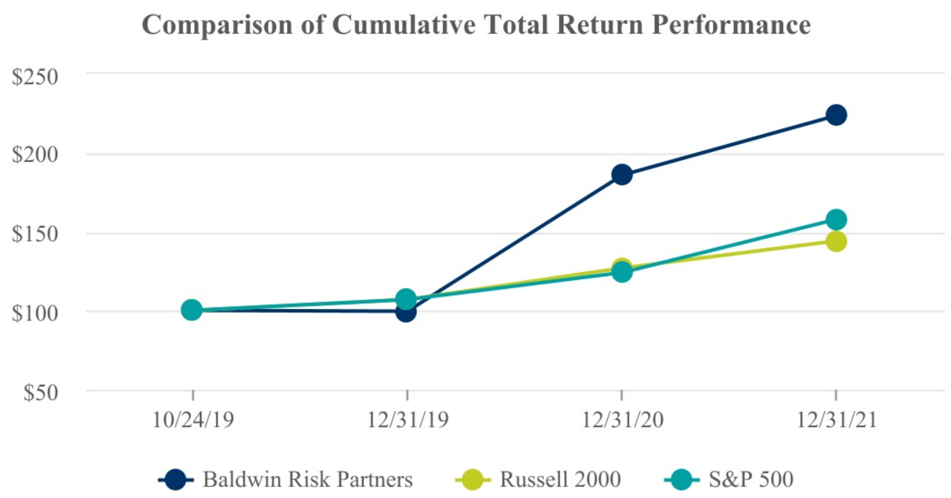
The following table provides information about our repurchase of shares of our Class A common stock during the three months ended December 31, 2021:

| | 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 |
|---|---|---|---|---|
| October 1, 2021 to October 31, 2021 | 1,707 | $ 36.26 | — | $ — |
| November 1, 2021 to November 30, 2021 | — | — | — | — |
| December 1, 2021 to December 31, 2021 | 157 | 37.81 | — | — |
| Total | 1,864 | $ 36.39 | — | $ — |

(1) We purchased 1,864 shares during the three months ended December 31, 2021, which were acquired from our employees to cover required tax withholding on the vesting of shares granted under the BRP Group, Inc. Omnibus Incentive Plan.

**Performance Graph**

The following performance graph compares the cumulative total shareholder return of an investment in our Class A common stock since October 24, 2019 (first day of trading) through December 31, 2021 to the cumulative total return of Russell 2000 Index and the Standard & Poor ("S&P") 500 Index. The graph assumes that $100 was invested on October 24, 2019 and the reinvestment of dividends, if any. The share price performance presented below is not necessarily indicative of future results.



## ITEM 6. RESERVED

## ITEM 7. 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 Annual Report on Form 10-K. 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 Item 1A. Risk Factors and included elsewhere in this Annual Report on Form 10-K.

## EXECUTIVE SUMMARY OF 2021 FINANCIAL RESULTS

We are a rapidly growing independent insurance distribution firm delivering solutions that give our Clients the peace of mind to pursue their purpose, passion and dreams.

The following is a summary of our 2021 financial results:

Revenues for the year ended December 31, 2021 were $567.3 million, an increase of $326.4 million, or 135%, as compared to the same period of 2020. This increase was related to amounts attributable to Partners acquired during 2020 and 2021 prior to their having reached the twelve-month owned mark (such amounts, the “Partnership Contribution”) and organic growth. The Partnership Contribution accounted for $272.3 million of the increase to revenues and organic growth accounted for $54.0 million.

Operating expenses for the year ended December 31, 2021 were $598.9 million, an increase of $336.1 million, or 128%, as compared to the same period of 2020. The increase in operating expenses was primarily attributable to the Partnership Contribution, which comprised $219.1 million of operating expenses excluding fair value adjustments, an increase in the fair value of contingent consideration of $24.7 million, increased compensation for sales and support, including investments in new product development, and continued investments in Growth Services to support our growth.

Interest expense, net for the year ended December 31, 2021 was $26.9 million, an increase of $19.0 million, or 242%, as compared to the same period of 2020. Interest expense, net increased as a result of higher average borrowings under the JPM Credit Agreement.

Net loss for the year ended December 31, 2021 was $58.1 million, an increase of $28.2 million as compared to net loss of $29.9 million in the same period of 2020.

Adjusted EBITDA for the year ended December 31, 2021 was $112.9 million, an increase of $69.0 million as compared to the same period of 2020. Adjusted EBITDA Margin was 20% for 2021 and 18% for 2020.

Organic Revenue for the year ended December 31, 2021 was $295.0 million as compared to $159.7 million for the same period of 2020. Organic Revenue Growth was $54.0 million, or 22%, for 2021 and $21.8 million, or 16%, for 2020. Refer to the Non-GAAP Financial Measures section below for reconciliations of Adjusted EBITDA, Adjusted EBITDA Margin, Organic Revenue and Organic Revenue Growth to the most directly comparable GAAP financial measures.

## PARTNERSHIPS

During 2021, we completed 16 Partnerships for an aggregate purchase price of $1.1 billion. We also completed a follow-on public offering for aggregate net proceeds of approximately $269.4 million and borrowed an additional $450.0 million under the New Term Loans (as defined elsewhere) on assist with funding such acquisitions. Partnerships completed during 2021 added $121.4 million of premiums, commissions and fees receivable, $439.4 million of intangible assets and $579.4 million of goodwill to the consolidated balance sheet. During 2020, we completed 16 Partnerships for an aggregate purchase price of $1.0 billion. We borrowed $400.0 million under the New Term Loan B and completed two follow-on public offerings for aggregate primary net proceeds of $449.7 million to assist with funding acquisitions during 2020.

Refer to Note 4 to BRP’s consolidated financial statements included in Item 8. Financial Statements and Supplementary Data of this Annual Report on Form 10-K for additional information on the Partnerships that we have completed during 2021.

## NOVEL CORONAVIRUS (COVID-19)

The impact of the COVID-19 pandemic, including changes in consumer behavior, pandemic fears, and market downturns, as well as restrictions on business and individual activities, has created significant volatility in the global economy and led to severe restrictions on the level of economic activity around the world.

Although COVID-19 vaccines are now broadly distributed and administered, there remains significant uncertainty concerning the magnitude of the impact and the duration of the COVID-19 pandemic. As new strains of COVID-19 develop, we may continue to experience disruptions to our business, including due to a reduction in our Clients` insurable exposure units and a delay in cash payments to us from our Clients or Insurance Company Partners. Further, the impacts of inflation on our and our Clients` businesses and the broader economy, which may be exacerbated by the economic recovery from the COVID-19 pandemic, may also impact our financial condition and results of operations.

In addition, the uncertainties associated with the protective and preventive measures being put in place or recommended by both governmental entities and other businesses, among other uncertainties, may result in delays or modifications to our plans and initiatives.

Our Clients and Colleagues are our first priority and we have taken steps to ensure their safety by implementing alternative working arrangement, with a significant part of our Colleagues working in remote or hybrid environments. As we began a phased reopening of our U.S. offices in 2021, we provided guidelines on return to the office depending on the level of virus containment and local health and safety regulations in each geography. This has created and may continue to create additional risks and operational challenges and may require us to make additional investments of time and resources across our business, including to design, implement and enforce new workplace health and safety protocols, as well as investments in our IT systems to support a working environment that encompasses a mix of remote and in-person arrangements.

During the pandemic, we have also funded the BRP True North Colleague Fund to assist with relief for COVID-19 and other qualifying disasters for our Colleagues experiencing extraordinary hardship and are currently matching Colleague donations dollar-for dollar.

We intend to continue to execute on our strategic plans and operational initiatives during the pandemic. However, given the uncertainty regarding the spread and severity of COVID-19, the duration and scope of government measures, the nature of societal responses and the adverse effects on the national and global economy, the related financial impact on our business cannot be accurately predicted at this time. See Item 1A. “Risk Factors—The continued adverse effects of the COVID-19 pandemic and an indeterminate recovery period could result in declines in business and increases in claims that could adversely affect our business, financial condition and results of operations” in this Annual Report on Form 10-K.

## RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

For a discussion of our 2019 financial results and a comparison of financial results for the years ended December 31, 2020 and 2019, refer to Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K filed with the SEC on March 11, 2021.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements for the years ended December 31, 2021 and 2020 and the related notes and other financial information included elsewhere in this Annual Report on Form 10-K.

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 Item 1A. Risk Factors.

The following is a discussion of our consolidated results of operations for each of the years ended December 31, 2021 and 2020.

| (in thousands, except percentages) | For the Years Ended December 31, 2021 | 2020 | Variance Amount | % |
|---|---|---|---|---|
| Revenues: | | | | |
| Commissions and fees | $ 567,290 | $ 240,919 | $ 326,371 | 135 % |
| Operating expenses: | | | | |
| Commissions, employee compensation and benefits | 400,050 | 174,114 | 225,936 | 130 % |
| Other operating expenses | 102,162 | 48,060 | 54,102 | 113 % |
| Amortization expense | 48,720 | 19,038 | 29,682 | 156 % |
| Change in fair value of contingent consideration | 45,196 | 20,516 | 24,680 | 120 % |
| Depreciation expense | 2,788 | 1,129 | 1,659 | 147 % |
| Total operating expenses | 598,916 | 262,857 | 336,059 | |
| Operating loss | (31,626) | (21,938) | (9,688) | 44 % |
| Other income (expense): | | | | |
| Interest expense, net | (26,899) | (7,857) | (19,042) | 242 % |
| Other income (expense), net | 424 | (95) | 519 | n/m |
| Total other expense | (26,475) | (7,952) | (18,523) | |
| Loss before income taxes | (58,101) | (29,890) | (28,211) | 94 % |
| Income tax expense (benefit) | 19 | (5) | 24 | n/m |
| Net loss | (58,120) | (29,885) | (28,235) | |
| Less: net loss attributable to noncontrolling interests | (27,474) | (14,189) | (13,285) | 94 % |
| Net loss attributable to BRP Group, Inc. | $ (30,646) | $ (15,696) | $ (14,950) | |

n/m not meaningful

### 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 the impact of contingent payments received in the first quarter from Insurance Company Partners that we cannot readily estimate before receipt without the risk of significant reversal and a higher degree of first quarter policy commencements and renewals in Medicare and certain Middle Market lines of business such as employee benefits and commercial. In addition, a higher proportion of our first quarter revenue is derived from our highest margin businesses. As discussed further above, the ongoing COVID-19 pandemic may continue to skew these general trends due to reduced amounts of new business and reductions in business from existing Clients related to the pandemic.

Partnerships can significantly impact Adjusted EBITDA and Adjusted EBITDA Margins in a given year and may increase the amount of seasonality within the business, especially results attributable to Partnerships that have not been fully integrated into our business or owned by us for a full year.

**Commissions and Fees**

We earn commissions and fees by facilitating the arrangement between Insurance Company Partners and individuals or businesses for the carrier to provide insurance to the insured party. Our commissions and fees are usually a percentage of the premium paid by the insured and generally depends 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 in lieu of commissions. Additionally, we may also receive from Insurance Company Partners a profit-sharing commission, or straight override, which represent forms of variable consideration associated with the placement of coverage and are based primarily on underwriting results, but may also contain considerations for volume, growth or retention.

Our future commissions and fees can be affected by changes in premium rate levels, fluctuations in Client risk retention and increases or decreases in the value of risks that have been insured, as well by trends in the insurance industry toward alternative insurance markets.

Commissions and fees increased by $326.4 million for the year ended December 31, 2021 as compared to the same period of 2020. This increase was related to the Partnership Contribution and organic growth. The Partnership Contribution accounted for $272.3 million of the increase to revenues and organic growth accounted for $54.0 million.

***Major Sources of Commissions and Fees***

The following table sets forth our commissions and fees by major source by amount for the years ended December 31, 2021 and 2020:

| | For the Years Ended December 31, | | Variance | |
|---|---|---|---|---|
| **(in thousands, except percentages)** | **2021** | **2020** | **Amount** | **%** |
| Direct bill revenue | 269,603 | $ 104,875 | $ 164,728 | 157 % |
| Agency bill revenue | 202,892 | 91,662 | 111,230 | 121 % |
| Profit-sharing revenue | 37,392 | 16,397 | 20,995 | 128 % |
| Consulting and service fee revenue | 29,047 | 3,509 | 25,538 | n/m |
| Policy fee and installment fee revenue | 19,858 | 15,236 | 4,622 | 30 % |
| Other income | 8,498 | 9,240 | (742) | (8)% |
| Total commissions and fees | $ 567,290 | $ 240,919 | $ 326,371 | |

n/m not meaningful

Direct bill revenue represents commission revenue earned by providing insurance placement services to Clients, primarily for private risk management, commercial risk management, employee benefits and Medicare insurance types. Direct bill revenue increased by $164.7 million for the year ended December 31, 2021 as compared to the same period of 2020 as a result of the Partnership Contribution of $148.0 million and organic growth of $16.7 million.

Agency bill revenue primarily represents commission revenue earned by providing insurance placement services to Clients wherein we act as an agent on behalf of the Client. Agency bill revenue increased by $111.2 million for the year ended December 31, 2021 as compared to the same period of 2020 as a result of the Partnership Contribution of $82.5 million and organic growth of $28.7 million.

Profit-sharing revenue represents bonus-type revenue that is earned by us as a sales incentive provided by certain Insurance Company Partners. Profit-sharing revenue increased by $21.0 million for the year ended December 31, 2021 as compared to the same period of 2020 as a result of Partnership Contribution of $20.0 million and organic growth of $1.0 million. Profit-sharing revenue was affected by higher loss ratios in our Middle Market and MainStreet Operating Groups, which is particularly acute in the Florida homeowners marketplace.

Consulting and service fee revenue represents fees received in lieu of a commission and specialty insurance consulting revenue. Consulting and service fee revenue increased $25.5 million for the year ended December 31, 2021 as compared to the same period of 2020 as a result of the Partnership Contribution of $24.3 million and organic growth of $1.2 million.

Policy fee and installment fee revenue represents revenue earned for acting in the capacity of an MGA and providing payment processing and services and other administrative functions on behalf of Insurance Company Partners. Policy fee and installment fee revenue increased $4.6 million for the year ended December 31, 2021 as compared to the same period of 2020 due to organic growth. These fees are generated by our Specialty Operating Group.

Other income consists of Medicare marketing income that is based on agreed-upon cost reimbursement for fulfilling specific targeted marketing campaigns in addition to other fee income and premium financing income generated across all Operating Groups. Other income decreased $0.7 million for the year ended December 31, 2021 as compared to the same period of 2020. Organic growth contributed $1.6 million to other income.

**Commissions, Employee Compensation and Benefits**

Commissions, employee compensation and benefits is our largest expense. It consists of (a) base compensation comprising salary, bonuses and benefits paid and payable to Colleagues, commissions paid to Colleagues and outside commissions paid to others; and (b) equity-based compensation associated with the grants of restricted interest awards to senior management, Risk Advisors and executives. We expect to continue to experience a general rise in commissions, employee compensation and benefits expense commensurate with expected growth in our sales and headcount and as a result of increasing employee compensation related to ongoing public company costs. 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.

Our compensation arrangements with our employees contain significant bonus or commission components driven by the results of our operations. Therefore, as we grow commissions and fees, we expect compensation costs to rise.

Commissions, employee compensation and benefits expenses increased by $225.9 million for the year ended December 31, 2021 as compared to the same period of 2020. The Partnership Contribution accounted for $159.7 million of the increase to commissions, employee compensation and benefits. Share-based compensation expense increased $11.4 million as a result of equity grants awarded to all newly hired Colleagues, including those who joined us through Partnerships, and grants to reward Colleagues, including members of senior management. The remaining increase in commissions, employee compensation and benefits expense can be attributed to higher commissions expense relating to our organic growth and higher compensation and benefits relating to hiring to support our growth.

**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 other operating expenses have increased in absolute terms as a result of ongoing public company costs, including those associated with compliance with the Sarbanes-Oxley Act and other regulations governing public companies, increased costs of directors' and officers' liability insurance, and increased professional services expenses, particularly associated with the adoption of new accounting standards and integration of acquired businesses. Our occupancy-related costs and professional services expenses, in particular, generally increase or decrease in relative proportion to the number of our employees and the overall size and scale of our business operations. In addition, we have invested in the expansion of our Tampa offices to accommodate our growth plans, which has resulted in an increase to rent expense beginning in April 2020. Certain corporate expenses are allocated to the Operating Groups.

Other operating expenses increased by $54.1 million for the year ended December 31, 2021 as compared to the same period of 2020, which was primarily attributable to increases in rent expense of $10.4 million related to expansion of our offices through Partnerships, dues and subscriptions of $6.3 million related to investing in technology to support our growth, travel and entertainment of $5.3 million, professional fees of $4.7 million related to Partnership transactions and public company costs, software and internet expenses of $4.4 million, consulting of $3.7 million, Colleague education and welfare of $2.8 million, and advertising and marketing of $2.1 million.

**Amortization Expense**

Amortization expense increased by $29.7 million for the year ended December 31, 2021 as compared to the same period of 2020. This increase was driven by the capitalization of intangible assets related to Partners acquired during 2020 and 2021.

**Change in Fair Value of Contingent Consideration**

Change in fair value of contingent consideration was $45.2 million for the year ended December 31, 2021 as compared to $20.5 million for the same period of 2020. The change in fair value of contingent consideration results from fluctuations in the value of the relevant measurement basis, normally revenue or EBITDA, of our Partners.

**Interest Expense, Net**

Interest expense, net increased by $19.0 million for the year ended December 31, 2021 as compared to the same period of 2020 resulting from higher average borrowings under the JPM Credit Agreement during 2021 compared to 2020.

**FINANCIAL CONDITION - COMPARISON OF CONSOLIDATED FINANCIAL CONDITION AT DECEMBER 31, 2021 TO DECEMBER 31, 2020.**

Our total assets and total liabilities increased $1.3 billion and $0.9 billion, respectively, at December 31, 2021 as compared to December 31, 2020. The most significant changes in assets and liabilities are described below.

Cash and cash equivalents and restricted cash increased $85.7 million as a result of operating, investing and financing activities illustrated in the condensed consolidated statement of cash flows and discussed further under the Sources and Uses of Cash section below.

Restricted cash increased $55.9 million as a result of restricted trust accounts related to our 2021 Partnerships.

Premiums, commissions and fees receivable, net increased $185.3 million as a result of revenue growth and the changes in revenue seasonality of our business given the underlying revenue streams of Partnerships.

We adopted Topic 842 during 2021, which resulted in right-of-use assets $81.6 million and operating lease liabilities of $83.9 million at December 31, 2021.

Intangible assets, net increased $390.1 million primarily as a result of our 2021 Partnerships, which contributed $439.4 million to gross intangible assets during 2021, offset in part by $48.7 million of amortization during the year.

Goodwill increased $577.2 million as a result of our 2021 Partnerships, offset in part by measurement period adjustments for certain Partnerships formed in the fourth quarter 2020.

Premiums payable to insurance companies increased $174.5 million as a result of our 2021 Partnerships and organic revenue growth.

Accrued expenses and other current liabilities increased $40.7 million as a result of higher accrued compensation and benefits from new Partner costs and 2021 bonus accruals relating to an increase in the number of Colleagues; current portion of operating lease liabilities relating to the adoption of Topic 842 during 2021; and higher contract liabilities relating to our revenue growth and new Partners.

Related party notes payable of $61.5 million at December 31, 2021 relates to our having accelerated recognition of MSI’s maximum contingent earnout and entering into notes payable agreements with each of MSI’s shareholders in the third quarter of 2021.

Revolving line of credit increased $35.0 million as a result of borrowing on our Revolving Facility (as defined in “—Liquidity and Capital Resources”) for funding Partnerships and general working capital purposes in 2021.

Long-term debt increased $437.8 million as a result of having upsized our term loan to $850.0 million during the fourth quarter of 2021.

Contingent earnout liabilities increased $93.8 million resulting from issuances of $127.3 million in fair value related to our 2021 Partnerships and a $45.2 million increase from fair value adjustments. These increases were offset in part by $74.0 million of settlements, of which $61.5 million was a noncash exchange for related party notes payable.

**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 BRP Group, Inc. (for Adjusted Net Income) or diluted earnings (loss) per share ("EPS") (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 BRP Group, Inc. 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.

Adjusted EBITDA eliminates the effects of financing, depreciation, amortization, fair value adjustments, and other noncash items and non-recurring costs. 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 expenses related to Partnerships including severance, and certain non-recurring costs, including those related to raising capital. We believe that Adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of 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 commissions and fees. 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 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 Growth based on commissions and fees for the relevant period by excluding the first twelve months of commissions and fees generated from new Partners. Organic Revenue Growth is the change in Organic Revenue period-to-period, with prior period results adjusted for Organic Revenues that were excluded 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. For example, revenues from a Partner acquired on June 1, 2020 are excluded from Organic Revenue for 2020. However, after June 1, 2021, results from June 1, 2020 to December 31, 2020 for such Partners are compared to results from June 1, 2021 to December 31, 2021 for purposes of calculating Organic Revenue Growth in 2021. 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.

Adjusted Net Income is presented for the purpose of calculating Adjusted Diluted EPS. We define Adjusted Net Income as net income (loss) attributable to BRP Group, Inc. 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 expenses related to Partnerships including 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.

Adjusted Diluted EPS measures our per share earnings excluding certain expenses as discussed above and assuming all shares of Class B common stock were exchanged for Class A common stock. Adjusted Diluted EPS is calculated as Adjusted Net Income divided by adjusted dilutive 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 to Adjusted EBITDA and Adjusted EBITDA Margin:

| (in thousands, except percentages) | For the Years Ended December 31, 2021 | For the Years Ended December 31, 2020 |
|---|---|---|
| Commissions and fees | $ 567,290 | $ 240,919 |
| | | |
| Net loss | $ (58,120) | $ (29,885) |
| Adjustments to net loss: | | |
| Amortization expense | 48,720 | 19,038 |
| Change in fair value of contingent consideration | 45,196 | 20,516 |
| Interest expense, net | 26,899 | 7,857 |
| Share-based compensation | 19,193 | 7,744 |
| Transaction-related Partnership expenses | 19,182 | 13,851 |
| Depreciation expense | 2,788 | 1,129 |
| Severance related to Partnership activity | 871 | 89 |
| Change in fair value of interest rate caps | 123 | — |
| Income tax provision | 19 | (5) |
| Capital related expenses | — | 1,087 |
| Other | 8,038 | 2,535 |
| Adjusted EBITDA | $ 112,909 | $ 43,956 |
| Adjusted EBITDA Margin | 20 % | 18 % |

**Organic Revenue and Organic Revenue Growth**

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

| (in thousands, except percentages) | For the Years Ended December 31, 2021 | For the Years Ended December 31, 2020 |
|---|---|---|
| Commissions and fees | $ 567,290 | $ 240,919 |
| Partnership commissions and fees (1) | (272,272) | (81,250) |
| Organic Revenue (2) | $ 295,018 | $ 159,669 |
| Organic Revenue Growth (2) | $ 54,004 | $ 21,780 |
| Organic Revenue Growth % (2) | 22 % | 16 % |

(1) Includes the first twelve months of such commissions and fees generated from newly acquired Partners.
(2) Organic Revenue for the year ended December 31, 2020 used to calculate Organic Revenue Growth for the year ended December 31, 2021 was $241.0 million, which is adjusted to reflect revenues from Partnerships that reached the twelve-month owned mark during the year ended December 31, 2021.

### Adjusted Net Income and Adjusted Diluted EPS

The following table reconciles Adjusted Net Income to net loss attributable to BRP Group, Inc. and reconciles Adjusted Diluted EPS to diluted net loss per share attributable to BRP Group, Inc. Class A common stock:

| (in thousands, except percentages, share and per share data) | For the Years Ended December 31, 2021 | 2020 |
|---|---|---|
| Net loss attributable to BRP Group, Inc. | $ (30,646) | $ (15,696) |
| Net loss attributable to noncontrolling interests | (27,474) | (14,189) |
| Amortization expense | 48,720 | 19,038 |
| Change in fair value of contingent consideration | 45,196 | 20,516 |
| Share-based compensation | 19,193 | 7,744 |
| Transaction-related Partnership expenses | 19,182 | 13,851 |
| Amortization of deferred financing costs | 3,506 | 1,002 |
| Depreciation (1) | 2,788 | 1,129 |
| Severance related to Partnership activity | 871 | 89 |
| Change in fair value of interest rate caps | 123 | — |
| Capital related expenses | — | 1,087 |
| Other | 8,038 | 2,535 |
| Adjusted pre-tax income | 89,497 | 37,106 |
| Adjusted income taxes (2) | 8,860 | 3,673 |
| Adjusted Net Income | $ 80,637 | $ 33,433 |
| | | |
| Weighted-average shares of Class A common stock outstanding - diluted | 47,588 | 27,176 |
| Dilutive effect of unvested restricted shares of Class A common stock | 1,982 | 571 |
| Exchange of Class B shares (3) | 51,811 | 45,147 |
| Adjusted dilutive weighted-average shares outstanding | 101,381 | 72,894 |
| | | |
| Adjusted Diluted EPS | $ 0.80 | $ 0.46 |
| | | |
| Diluted net loss per share | $ (0.64) | $ (0.58) |
| Effect of exchange of Class B shares and net loss attributable to noncontrolling interests per share | 0.07 | 0.17 |
| Other adjustments to net loss per share | 1.46 | 0.92 |
| Adjusted income taxes per share | (0.09) | (0.05) |
| Adjusted Diluted EPS | $ 0.80 | $ 0.46 |

(1) Calculation was adjusted in the fourth quarter of 2021 to include depreciation. Prior year amounts have been conformed to current year presentation.
(2) Represents corporate income taxes at assumed effective tax rate of 9.9% applied to adjusted pre-tax income.
(3) Assumes the full exchange of Class B shares for Class A common stock pursuant to the Amended LLC Agreement.

## OPERATING GROUP RESULTS

### Commissions and Fees

In the Middle Market, MainStreet and Specialty Operating Groups, the Company generates commissions and fees from insurance placement under both agency bill and direct bill arrangements. In addition, BRP generates profit sharing income in each of those segments based on either the underlying book of business or performance, such as loss ratios. In the Middle Market Operating Group only, the Company generates fees from service fee and consulting arrangements. Service fee arrangements are in place with certain customers in lieu of commission arrangements.

In the Medicare Operating Group, BRP generates commissions and fees in the form of direct bill insurance placement and marketing income. Marketing income is earned through co-branded marketing campaigns with the Company’s Insurance Company Partners.

The following table sets forth our commissions and fees by Operating Group by amount and as a percentage of our commissions and fees:

**Commissions and Fees by Operating Group (in thousands, except percentages)**

| | For the Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | Variance | |
| **Operating Group** | **Amount** | **Percent of Business** | **Amount** | **Percent of Business** | **Amount** | **%** |
| Middle Market | $ 363,822 | 64 % | $ 103,393 | 43 % | $ 260,429 | 252 % |
| Specialty | 144,455 | 25 % | 88,876 | 37 % | 55,579 | 63 % |
| MainStreet | 34,344 | 6 % | 30,361 | 13 % | 3,983 | 13 % |
| Medicare | 27,392 | 5 % | 19,320 | 8 % | 8,072 | 42 % |
| Corporate and Other | (2,723) | — % | (1,031) | — % | (1,692) | 164 % |
| | $ 567,290 | | $ 240,919 | | $ 326,371 | |

Commissions and fees for our Middle Market Operating Group increased $260.4 million for the year ended December 31, 2021 as compared to the same period of 2020 as a result of the Partnership Contribution of $243.5 million and organic growth of $16.9 million. Middle Market experienced organic growth in base commissions and fees of $15.4 million and contingents of $0.6 million during the period.

Commissions and fees for our Specialty Operating Group increased $55.6 million for the year ended December 31, 2021 as compared to the same period of 2020 as a result of organic growth of $32.3 million which is attributable to growth in our renter’s insurance product and Connected Risk Solutions, in addition to the Partnership Contribution of $23.3 million.

Policies in force for the MSI Partnership grew by 168,015, or 32%, to 692,385 at December 31, 2021 from 524,370 at December 31, 2020.

Commissions and fees for our MainStreet Operating Group increased $4.0 million for the year ended December 31, 2021 as compared to the same period of 2020. The MainStreet Operating Group had organic growth in base commissions and fees of $4.9 million, which was offset in part by a decrease in organic contingent revenue of $1.0 million resulting from higher loss ratios due to challenges in the Florida insurance marketplace.

Commissions and fees for our Medicare Operating Group increased $8.1 million for the year ended December 31, 2021 as compared to the same period of 2020 as a result of the Partnership Contribution of $6.4 million and organic growth of $1.6 million. Continued COVID-19 protocols, including social distancing, reduced our Medicare agents' ability to meet person-to-person in our normal venues, which impacted our ability to sell new business during the 2021 Annual Enrollment Period.

Revenue reported for Corporate and Other relates to the elimination of intercompany revenue. During the year ended December 31, 2021, the Middle Market Operating Group recorded intercompany commissions and fees revenue from activity with the Specialty Operating Group of $1.5 million; the Specialty Operating Group recorded intercompany commissions and fees revenue from activity with itself of $0.2 million; the MainStreet Operating Group recorded intercompany commissions and fees revenue from activity with the Middle Market and Specialty Operating Groups of $0.5 million; and the Medicare Operating Group recorded intercompany commissions and fees revenue from activity with itself of $0.6 million. These amounts were eliminated through Corporate and Other.

## Commissions, Employee Compensation and Benefits

The following table sets forth our commissions, employee compensation and benefits by Operating Group by amount and as a percentage of our commissions, employee compensation and benefits:

**Commissions, Employee Compensation and Benefits by Operating Group (in thousands, except percentages)**

| | For the Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | Variance | |
| Operating Group | Amount | Percent of Business | Amount | Percent of Business | Amount | % |
| Middle Market | $ 234,652 | 59 % | $ 66,303 | 38 % | $ 168,349 | 254 % |
| Specialty | 102,824 | 26 % | 67,189 | 39 % | 35,635 | 53 % |
| MainStreet | 22,884 | 6 % | 17,852 | 10 % | 5,032 | 28 % |
| Medicare | 16,309 | 4 % | 10,889 | 6 % | 5,420 | 50 % |
| Corporate and Other | 23,381 | 6 % | 11,881 | 7 % | 11,500 | 97 % |
| | $ 400,050 | | $ 174,114 | | $ 225,936 | |

Commissions, employee compensation and benefits expenses increased across all Operating Groups for the year ended December 31, 2021 as compared to the same period of 2020. The Partnership Contribution accounted for $147.5 million, $8.8 million, and $3.4 million of the increase to commissions, employee compensation and benefits expenses in the Middle Market, Specialty and Medicare Operating Groups, respectively. Commissions, employee compensation and benefits expenses also increased across all Operating Groups as a result of continued investments in Growth Services to support our growth, which costs are primarily allocated among the Operating Groups, and continued investment in sales and service talent.

Commissions, employee compensation and benefits expenses for Corporate and Other increased as a result of increased headcount to support our growth and additional share-based compensation expense.

## Other Operating Expenses

The following table sets forth our other operating expenses by Operating Group by amount and as a percentage of our operating expenses:

**Other Operating Expenses by Operating Group (in thousands, except percentages)**

| | For the Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | Variance | |
| Operating Group | Amount | Percent of Business | Amount | Percent of Business | Amount | % |
| Middle Market | $ 50,037 | 49 % | $ 16,319 | 34 % | $ 33,718 | 207 % |
| Specialty | 13,716 | 13 % | 5,746 | 12 % | 7,970 | 139 % |
| MainStreet | 4,970 | 5 % | 4,440 | 9 % | 530 | 12 % |
| Medicare | 5,289 | 5 % | 3,504 | 7 % | 1,785 | 51 % |
| Corporate and Other | 28,150 | 28 % | 18,051 | 38 % | 10,099 | 56 % |
| | $ 102,162 | | $ 48,060 | | $ 54,102 | |

Other operating expenses for our Middle Market Operating Group increased $33.7 million for the year ended December 31, 2021 as compared to the same period of 2020 driven by higher costs for rent expense of $8.5 million, travel and entertainment of $3.9 million, software and internet of $3.6 million, dues and subscriptions of $3.0 million, professional fees of $2.4 million and consulting of $1.8 million and colleague education and welfare of $1.7 million. Other operating expenses for our Specialty Operating Group increased $8.0 million for the year ended December 31, 2021 as compared to the same period of 2020 driven by higher costs for professional fees of $2.3 million, dues and subscriptions of $1.2 million, consulting fees of $0.8 million, rent expense of $0.6 million, bank charges of $0.5 million and advertising and marketing of $0.4 million. Other operating expenses for our Medicare Operating Group increased $1.8 million for the year ended December 31, 2021 as compared to the same period of 2020 driven by higher costs for advertising and marketing of $0.6 million, rent expense of $0.4 million and dues and subscriptions of $0.1 million. The increases in our operating costs are related to our growth, both organically and through Partnerships, during 2021.

Other operating expenses in Corporate and Other increased $10.1 million for the year ended December 31, 2021 as compared to the same period of 2020 due to higher costs for dues and subscriptions of $2.1 million, consulting fees of $1.1 million, rent expense of $1.0 million, travel and entertainment of $0.9 million and licenses and taxes of $0.9 million.

**Amortization Expense**

The following table sets forth our amortization by Operating Group by amount and as a percentage of our amortization:

**Amortization Expense by Operating Group (in thousands, except percentages)**

| | For the Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | Variance | |
| Operating Group | Amount | Percent of Business | Amount | Percent of Business | Amount | % |
| Middle Market | $ 34,056 | 70 % | $ 7,037 | 37 % | $ 27,019 | 384 % |
| Specialty | 11,326 | 23 % | 9,131 | 48 % | 2,195 | 24 % |
| MainStreet | 1,617 | 3 % | 1,730 | 9 % | (113) | (7)% |
| Medicare | 1,716 | 4 % | 1,132 | 6 % | 584 | 52 % |
| Corporate and Other | 5 | — % | 8 | — % | (3) | (38)% |
| | $ 48,720 | | $ 19,038 | | $ 29,682 | |

Amortization expense increased across our Middle Market, Specialty and Medicare Operating Groups for the year ended December 31, 2021 as compared to the same period of 2020 driven by amortization related to Partners acquired over the past twelve months. Amortization for the MainStreet Operating Group was relatively flat.

**Change in Fair Value of Contingent Consideration**

The following table sets forth our change in fair value of contingent consideration by Operating Group by amount and as a percentage of our change in fair value of contingent consideration:

**Change in Fair Value of Contingent Consideration by Operating Group (in thousands, except percentages)**

| | For the Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | Variance | |
| Operating Group | Amount | Percent of Business | Amount | Percent of Business | Amount | % |
| Middle Market | $ 32,735 | 72 % | $ 143 | 1 % | $ 32,592 | n/m |
| Specialty | 11,881 | 26 % | 16,707 | 81 % | (4,826) | (29)% |
| MainStreet | 926 | 2 % | 3,187 | 16 % | (2,261) | (71)% |
| Medicare | (346) | (1)% | 479 | 2 % | (825) | (172)% |
| | $ 45,196 | | $ 20,516 | | $ 24,680 | |

n/m not meaningful

The change in fair value of contingent consideration results from fluctuations in the value of the relevant measurement basis, normally revenue or EBITDA of our Partners.

## 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 employees 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 JPM Credit Agreement, (v) pay contingent earnout liabilities and related short-term notes payable due April 2022, and (vi) pay income taxes. We have historically financed our operations and funded our debt service through the sale of our insurance products and services. In addition, we financed significant cash needs to fund growth through the acquisition of Partners through debt and equity financing.

As of December 31, 2021, our cash and cash equivalents were $138.3 million. We believe that our cash and cash equivalents, cash flow from operations and available borrowings under the JPM Credit Agreement will be sufficient to fund our working capital and meet our commitments for the foreseeable future. However, we expect that we will require additional funding to continue to execute on our Partnership strategy. Such funding could include the incurrence of additional debt and the issuance of equity. Additional funds may not be available on a timely basis, on favorable terms, or at all, and such funds, if raised, may not be sufficient to enable us to continue to implement our long-term Partnership strategy. If we are not able to raise funds when needed, on favorable terms or in sufficient amount, we could be forced to delay or reduce the number of Partnerships that we complete.

See Item 1A. "Risk Factors - Risks Relating to our Business - We may not be able to successfully identify and acquire Partners or integrate Partners into our company, and we may become subject to certain liabilities assumed or incurred in connection with our Partnerships that could harm our business, results of operations and financial condition."

**Public Equity Offering**

On September 17, 2021, we completed a public offering of 9,200,000 shares of our Class A common stock, including 1,200,000 shares sold pursuant to the underwriters' over-allotment option. The shares were sold at an offering price of $30.50 per share for net proceeds of approximately $269.4 million after deducting underwriting discounts and commissions of $11.2 million. We used such proceeds to purchase 9,200,000 LLC Units. We also paid offering expenses of $1.1 million.

**JPM Credit Agreement**

On October 14, 2020, we entered into the JPM Credit Agreement with JPMorgan Chase Bank, N.A., to provide senior secured credit facilities in an aggregate principal amount of $800.0 million. The amount consists of (i) a term loan facility in the principal amount of $400.0 million maturing in 2027 (the "Existing Term Loan B") and (ii) a revolving credit facility with commitments in an aggregate principal amount of $400.0 million maturing in 2025 (the "Revolving Facility").

On June 2, 2021, we entered into Amendment No. 2 to the JPM Credit Agreement to provide for a new senior secured first lien term loan facility in an aggregate principal amount of $500.0 million maturing in 2027 (the "New Term Loan B"), a portion of the proceeds from which were used to repay in full the obligations under the Existing Term Loan B. On August 6, 2021, we entered into Amendment No. 3 to the JPM Credit Agreement providing for an increase in the aggregate principal amount of the Revolving Facility from $400.0 million to $475.0 million.

On December 16, 2021, we entered into Amendment No. 4 to the JPM Credit Agreement to provide for a new senior secured first lien incremental term loan facility in an aggregate principal amount of $350.0 million (the "New Term Loans"), which represents an increase in the aggregate principal amount of its existing New Term Loan B from $500.0 million to $850.0 million. A portion of the proceeds of the New Term Loans were used to repay outstanding amounts under the Revolving Facility as of the closing date.

The New Term Loans bear interest at LIBOR plus 350 bps with a LIBOR floor of 50 bps. The applicable interest rate on the New Term Loans at December 31, 2021 was 4.00%. Borrowings under the Revolving Facility accrue interest at LIBOR plus 200 bps to LIBOR plus 300 bps based on total net leverage ratio. BRP will pay a letter of credit fee equal to the margin then in effect with respect to LIBOR loans under the 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 JPM Credit Agreement. The outstanding borrowings on the Revolving Facility had an applicable interest rate of 2.10% at December 31, 2021.

The outstanding principal balance of the New Term Loans was $846.6 million at December 31, 2021 and is required to be repaid in equal quarterly installments equal to approximately 0.2506% of the original principal amount of the New Term Loans beginning with the fiscal quarter ending December 31, 2021, the balance of which is due at maturity. Outstanding borrowings under the Revolving Facility of $35.0 million at December 31, 2021 are not subject to amortization.

The Revolving Facility and the New Term Loans are collateralized by a first priority lien on substantially all the assets of BRP, including a pledge of all equity securities of certain of its subsidiaries. The JPM Credit Agreement contains covenants that, among other things, restrict our ability to make certain restricted payments, incur additional debt, engage in certain asset sales, mergers, acquisitions or similar transactions, create liens on assets, engage in certain transactions with affiliates, change our business, make certain investments or restrict BRP's ability to make dividends or other distributions to BRP Group. In addition, the JPM Credit Agreement contains financial covenants requiring us to maintain our Total First Lien Net Leverage Ratio (as defined in the JPM Credit Agreement) at or below 6.00 to 1.00.

## Source and Uses of Cash

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

| (in thousands) | For the Years Ended December 31, 2021 | 2020 | Variance |
|---|---|---|---|
| Net cash provided by operating activities | $ 40,129 | $ 36,817 | $ 3,312 |
| Net cash used in investing activities | (678,473) | (677,809) | (664) |
| Net cash provided by financing activities | 724,059 | 711,943 | 12,116 |
| Net increase in cash and cash equivalents and restricted cash | 85,715 | 70,951 | 14,764 |
| Cash and cash equivalents and restricted cash at beginning of year | 142,022 | 71,071 | 70,951 |
| Cash and cash equivalents and restricted cash at end of year | $ 227,737 | $ 142,022 | $ 85,715 |

### *Operating Activities*

The primary sources and uses of cash for operating activities are net income adjusted for non-cash items and changes in assets and liabilities, or operating working capital. Net cash provided by operating activities increased $3.3 million for the year ended December 31, 2021 as compared to the same period of 2020 driven by an increase in net income adjusted for noncash items and an increase in accounts payable, accrued expenses and other current liabilities. This increase in cash was partially offset by a decrease in cash relating to a higher balance in premiums, commissions and fees receivable driven by revenue growth and the changes in revenue seasonality of our business given the underlying revenue streams of Partnerships.

### *Investing Activities*

The primary sources and uses of cash for investing activities relate to cash consideration paid for business combinations and asset acquisitions, as well as capital expenditures. Net cash used in investing activities increased $0.7 million for the year ended December 31, 2021 as compared to the same period of 2020 driven by an increase in cash consideration paid to fund investments in joint ventures of $0.7 million.

### *Financing Activities*

The primary sources and uses of cash for financing activities relate to the issuance of our Class A common stock, borrowings from and repayment to our credit agreements, payment of debt issuance costs, payment of contingent earnout consideration, and other equity transactions. Net cash provided by financing activities increased $12.1 million for the year ended December 31, 2021 as compared to the same period of 2020 primarily as a result of an equity raise that we completed during 2021, which generated $268.3 million in net proceeds, an increase in net borrowings on our credit facilities of $128.2 million, and a decrease in redemptions of LLC Units and Class B common stock resulting in $78.3 million less financing cash outflows, offset partially by equity raises completed during 2020, which generated $449.7 million in net proceeds.

## Contractual Obligations

The following table represents our contractual obligations, aggregated by type, at December 31, 2021:

| (in thousands) | Total | Payments Due by Period: Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
|---|---|---|---|---|---|
| Operating leases (1) | $ 95,519 | $ 15,285 | $ 27,996 | $ 23,573 | $ 28,665 |
| Debt obligations payable (2) | 1,075,153 | 42,951 | 84,879 | 117,964 | 829,359 |
| Maximum future acquisition contingency payments (3) | 996,205 | 77,677 | 908,528 | 10,000 | — |
| Total | $ 2,166,877 | $ 135,913 | $ 1,021,403 | $ 151,537 | $ 858,024 |

(1) The Company leases facilities and office equipment under non-cancelable operating leases. Operating lease expense was $13.1 million and $7.6 million for the years ended December 31, 2021 and 2020, respectively.
(2) Represents scheduled debt obligation and interest payments.
(3) Includes $258.6 million of current and non-current estimated contingent earnout liabilities at December 31, 2021.

## Effects of Inflation

Certain of our lease agreements feature annual rent escalations either fixed or based on a consumer price index or other index, which, historically, have not had a material impact on our results of operations, including our results of operations for the years ended December 31, 2021, 2020 and 2019. Given the recent rise in inflation, we anticipate the inflation rate increase for the upcoming year to be higher than those of past years. Despite this anticipated increase, we do not anticipate the inflation rate increase for 2022 to have a material impact on our results of operations. We have monitored and will continue to monitor the components of cost of revenue and operating expenses for the potential impact of inflation.

## Off-Balance Sheet Arrangements

We do not invest in any off-balance sheet vehicles that provide liquidity, capital resources, market or credit risk support, or engage in any activities that expose us to any liability that is not reflected in our consolidated financial statements except for those described under this Liquidity and Capital Resources section.

## Dividend Policy

Assuming BRP makes distributions to its members in any given year, the determination to pay dividends, if any, to our Class A common stockholders out of the portion, if any, of such distributions remaining after our payment of taxes, Tax Receivable Agreement payments and expenses (any such portion, an “excess distribution”) will be made at the sole discretion of our board of directors. Our board of directors may change our dividend policy at any time. See Item 5. “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Dividend Policy.”

## Tax Receivable Agreement

On October 28, 2019, BRP Group entered into the Tax Receivable Agreement with BRP’s LLC Members that provides for the payment by BRP Group to BRP’s LLC Members of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that BRP Group actually realizes as a result of (i) any increase in tax basis in BRP assets resulting from (a) previous acquisitions by BRP Group of BRP’s LLC Units from BRP’s LLC Members, (b) the acquisition of LLC Units from BRP’s LLC Members using the net proceeds from any future offering, (c) redemptions or exchanges by BRP’s LLC Members of LLC Units and the corresponding number of shares of Class B common stock for shares of Class A common stock or cash or (d) payments under the Tax Receivable Agreement, and (ii) tax benefits related to imputed interest resulting from payments made under the Tax Receivable Agreement.

Holders of BRP’s LLC Units (other than BRP Group) may, subject to certain conditions and transfer restrictions described above, redeem or exchange their LLC Units for shares of Class A common stock of BRP Group on a one-for-one basis. BRP intends to make an election under Section 754 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the “Code”) effective for each taxable year in which a redemption or exchange of LLC Units for shares of Class A common stock occurs, which is expected to result in increases to the tax basis of the assets of BRP at the time of a redemption or exchange of LLC Units. The redemptions or exchanges are expected to result in increases in the tax basis of the tangible and intangible assets of BRP. These increases in tax basis may reduce the amount of tax that BRP Group would otherwise be required to pay in the future. We have entered into a Tax Receivable Agreement with the BRP’s LLC Members that provides for the payment by us to the BRP’s LLC Members 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 BRP Group’s assets resulting from (a) the purchase of LLC Units from any of the BRP’s LLC Members using the net proceeds from any future offering, (b) redemptions or exchanges by the BRP’s LLC Members of LLC Units for shares of our Class A common stock or (c) payments under the Tax Receivable Agreement and (ii) tax benefits related to imputed interest deemed arising as a result of payments made under the Tax Receivable Agreement. This payment obligation is an obligation of BRP Group and not of BRP. For purposes of the Tax Receivable Agreement, the cash tax savings in income tax will be computed by comparing the actual income tax liability of BRP Group (calculated with certain assumptions) to the amount of such taxes that BRP Group would have been required to pay had there been no increase to the tax basis of the assets of BRP as a result of the redemptions or exchanges and had BRP Group not entered into the Tax Receivable Agreement. Estimating the amount of payments that may be made under the Tax Receivable Agreement is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. While the actual increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of redemptions or exchanges, the price of shares of our Class A common stock at the time of the redemption or exchange, the extent to which such redemptions or exchanges are taxable, the amount and timing of our income, the tax rates then applicable and the portion of our payments under the Tax Receivable Agreement constituting imputed interest. We anticipate that we will account for the effects of these increases in tax basis and associated payments under the Tax Receivable Agreement arising from future redemptions or exchanges as follows:

- we will record an increase in deferred tax assets for the estimated income tax effects of the increases in tax basis based on enacted federal and state tax rates at the date of the redemption or exchange;
- to the extent we estimate that we will not realize the full benefit represented by the deferred tax asset, based on an analysis that will consider, among other things, our expectation of future earnings, we will reduce the deferred tax asset with a valuation allowance; and
- we will record 85% of the estimated realizable tax benefit (which is the recorded deferred tax asset less any recorded valuation allowance) as an increase to the liability due under the Tax Receivable Agreement and the remaining 15% of the estimated realizable tax benefit as an increase to additional paid-in capital.

All of the effects of changes in any of our estimates after the date of the redemption or exchange will be included in net income. Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income.

**Deferred Tax Assets**

To determine the realizability of the Company's deferred tax assets, the Company analyzed if it was in a cumulative pre-tax income or loss position over a three year period (2019, 2020 and 2021). Based on the analysis, the Company is in a pre-tax book loss position, and therefore has determined that its deferred tax assets are not more likely than not to be realized. As the Company emerges from its cumulative loss position, it will reassess the realizability of its deferred tax assets.

## RECENT ACCOUNTING PRONOUNCEMENTS

Please refer to Note 1 to our consolidated financial statements included in Item 8. Financial Statements of this Annual Report on Form 10-K for a discussion of recent accounting pronouncements that may impact us.

## 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 commissions and fees and expenses during the reporting period. Our estimates, judgments and assumptions are continually evaluated based on historical experience and factors we believe to be reasonable under the circumstances. The results involve judgments about the carrying value of assets and liabilities not readily apparent from other sources and actual results could differ from those estimates. The areas that we believe are critical accounting estimates, as discussed below, affect the more significant estimates, judgments and assumptions used to prepare our consolidated financial statements. Different assumptions in the application of these policies could result in material changes in our consolidated financial position or consolidated results of operations.

**Commissions and Fees Recognition**

We earn commission revenue by acting as an agent or broker on behalf of our Clients and Insurance Company Partners to provide insurance placement services to Clients. Commission revenue is usually a percentage of the premium paid by Clients and generally depend upon the type of insurance, the particular insurance company and the nature of the services provided. Commission revenue is earned at a point in time upon the effective date of bound insurance coverage, as no performance obligation exists after coverage is bound. The Company makes its best estimate of direct bill commissions at the policy effective date, particularly in employee benefits within the Middle Market Operating Group, which is subject to change based on enrollment and other factors over the policy period. Commissions revenue is recorded net of an allowance for estimated policy cancellations, which is determined based on an evaluation of historical and current cancellation data. Given a hypothetical 1% increase in our policy cancellation rate, our annual allowance for estimated policy cancellations would have increased by $3.7 million for the year ended December 31, 2021.

We earn consulting and service fee revenues by negotiating fees in lieu of a commission by providing specialty insurance consulting. Consulting and service fee revenue from certain agreements are recognized over time depending on when the services within the contract are satisfied and when the Company has transferred control of the related services to the customer.

We earn policy fee revenue for acting in the capacity of a managing general agent on behalf of the Insurance Company Partner and fulfilling certain services and administrative functions during the term of the insurance policy. Policy fee revenue is deferred and recognized over the life of the policy. We earn installment fee revenue related to policy premiums paid on an installment basis for payment processing services performed on behalf of the Insurance Company Partner. The Company recognizes installment fee revenue in the period the services are performed.

Profit-sharing commissions represent a form of variable consideration, which includes additional commissions over base commissions received from Insurance Company Partners. Profit-sharing commissions associated with relatively predictable measures are estimated with a constraint applied and recognized at a point in time. The profit-sharing commissions are recorded as the underlying policies that contribute to the achievement of the metric are placed with any adjustments recognized when payments are received or as additional information that affects the estimate becomes available. A constraint of variable consideration is necessary when commissions and fees are subject to significant reversal. Profit-sharing commissions associated with loss performance are uncertain, and therefore, are subject to significant reversal through catastrophic loss season and as loss data remains subject to material change. The constraint is relieved when management estimates commissions and fees that are not subject to significant reversal, which often coincides with the earlier of written notification from the Insurance Company Partner that the target has been achieved or cash collection. Year-end amounts incorporate estimates based on confirmation from Insurance Company Partners after calculation of potential loss ratios that are impacted by catastrophic losses. The consolidated financial statements include estimates that are not subject to significant reversal and incorporates information received from Insurance Company Partners, and where still subject to significant changes in estimates due to loss ratios and external factors that are outside of the Company's control, a full constraint is applied.

We are entitled to commissions each year for multi-year Medicare contracts. We have applied a constraint to renewal commission that limits commissions and fees recognized on new policies to the policy year in effect, and revenue recognized on renewal policies to the receipt of periodic cash, when a risk of significant reversal exists based on (1) insufficient history; and (2) the influence of external factors outside of our control including policyholder discretion over plans and Insurance Company Partner relationships, political influence, and a contractual provision, which limits our right to receive renewal commissions to ongoing compliance and regulatory approval of the relevant Insurance Company Partner.

Costs to obtain contracts includes compensation in the form of producer commissions paid on new business. These incremental costs are capitalized as deferred commission expense and amortized over five years, which represents management's estimate of the average period over which a Client maintains its initial coverage relationship with the original Insurance Company Partner. Given a hypothetical one-year increase in the amortization period for deferred commission expense, our annual expense related to deferred commissions would have decreased by $0.4 million for the year ended December 31, 2021.

**Business Combination, Purchase Price Allocation and Valuation of Intangible Assets and Contingent Consideration**

We continue to acquire significant intangible assets through multiple business combinations. The determination of estimated useful lives of intangible assets, the allocation of purchase price to intangible assets and the determination of the fair value of contingent earnout liabilities require significant judgment and affects the amount of future amortization, potential impairment charges and net fair value gain or loss.

Business combination purchase prices are typically based upon a multiple of average adjusted EBITDA or commission and fees earned over a one to three-year period within a minimum and maximum price range. We perform a purchase price allocation in connection with our business combinations, in connection with which we record the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed, including contingent consideration relating to potential earnout provisions. The excess of the purchase price of the business combination over the fair value of the net assets acquired is recorded as goodwill.

Intangible assets generally consist of purchased customer accounts, distributor relationships, carrier relationships, software and trade names. Purchased customer accounts include the records and files obtained from acquired businesses that contain information about insurance policies and the related insured parties that are essential to policy renewals. Distributor relationships consist of relationships with distributors that were not previously established. Carrier relationships consist of relationships with Insurance Company Partners that were not previously established. Trade names consist of acquired business names with potential customer base recognition. The Company assesses the fair value of purchased customer accounts, distributor relationships, carrier relationships and trade names by comparison of a reasonable multiple applied to either the corresponding commissions and fees or EBITDA in addition to considering the estimated future cash flows expected to be received over the estimated future renewal periods of the insurance policies comprising the intangible assets through the use of recognized income approach valuation methods. The valuation of these intangible assets involves significant assumptions concerning matters such as revenue and expense growth rates, customer attrition rates and discount rates. Any changes in these assumptions could affect the carrying value of the intangible assets. Purchased customer accounts, distributor relationships, carrier relationships and trade names are amortized on a basis consistent with the underlying cash flows over the related estimated lives of between one and twenty years. Software is recorded based on the estimated fair value of the acquired technology and is amortized on the straight-line basis over an estimated useful life of two to five years.

The fair value of contingent earnout liabilities and contingently returnable consideration is based upon estimated payments expected to be or paid to, or clawed back from, the sellers of the acquired businesses as measured by expected future cash flow projections under various scenarios. We use a probability weighted value analysis as a valuation technique to convert future estimated cash flows under various scenarios 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 asset or liability with a higher asset capped by the contractual maximum of the contingently returnable consideration and a higher liability capped by the contractual maximum of the contingent earnout consideration. We assess the fair value of these liabilities and assets at each balance sheet date based on the expected performance of the associated business and any changes in fair value are recorded through change in fair value of contingent consideration in the consolidated statements of comprehensive loss.

The fair value of contingent earnout liabilities is 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. In determining fair value, we estimate the Partner’s future performance using financial projections developed by management for the Partner and market participant assumptions that were derived for revenue growth, profitability based on earnings before income taxes, depreciation and amortization (“EBITDA”) or the number of rental units tracked. Revenue and EBITDA growth rates generally ranged from 5% to 22% at December 31, 2021. We estimate future payments using the earnout formula and performance targets specified in each purchase agreement and these financial projections. These payments are 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 5.00% to 15.50% at December 31, 2021. Changes in financial projections, market participant assumptions for revenue growth and profitability, or the risk-adjusted discount rate, would result in a change in the fair value of contingent consideration.

**Impairment of Long-lived Assets Including Goodwill**

In applying the acquisition method of accounting for business combinations, the excess of the purchase price of an acquisition over the fair value of the identifiable tangible and intangible assets and liabilities acquired is assigned to goodwill. Intangible assets are initially valued at fair value using generally accepted valuation methods appropriate for the type of intangible asset. Definite-lived intangible assets are amortized over their estimated useful lives and evaluated for impairment whenever an event occurs that indicates the asset may be impaired.

Goodwill is not amortized but rather is evaluated for impairment at least annually or more frequently if indicators of impairment are present. Indicators of impairment include a reduction of expected future cash flows of our reporting units, a significant negative trend in the economy or insurance industry, and a sustained significant decrease in our market capitalization.

We test for goodwill impairment at the reporting unit level, which is an Operating Group or one level below an Operating Group. We have four reporting units, which are also our Operating Groups. We have the option of performing a qualitative assessment to determine whether a quantitative impairment test is necessary. If, after assessing qualitative factors, we determine it is more likely than not that the fair value of a reporting unit is less than the carrying amount, then we proceed to the quantitative assessment.

The quantitative goodwill impairment test requires the fair value of each reporting unit to be compared to its book or carrying value. If the carrying value of a reporting unit is determined to be less than the fair value of the reporting unit, goodwill is deemed not to be impaired. If the carrying value of a reporting unit is greater than the fair value, an impairment charge is recorded for the amount that the carrying amount of the reporting unit, including goodwill, exceeds its fair value, limited to amount of goodwill of the reporting unit.

During 2021, we performed an impairment evaluation for each of our reporting units beginning with a qualitative assessment. The qualitative factors we considered included general economic conditions, limitations on accessing capital, industry and market considerations, cost factors such as commissions expense that could have a negative effect on future cash flows, overall financial performance including declining cash flows and a decline in actual or anticipated commissions and fees, earnings or key statistics, and other entity-specific events such as changes in management and loss of key personnel or customers. We determined that based on the overall results and outlook of our reporting units, company and industry, including consideration of the effect of our new Partnerships, there was no indication of goodwill impairment at December 31, 2021. As such, no further testing was required.

We review our definite-lived intangible assets and other long-lived assets for impairment whenever an event occurs that indicates the carrying amount of an asset may not be recoverable. There were no indications that the carrying values of our definite-lived intangible assets or other long-lived assets were impaired at December 31, 2021. Any impairment charges that we may record in the future could materially impact our results of operations.

**Tax Receivable Agreement Liability**

On October 28, 2019, BRP Group entered into the Tax Receivable Agreement with BRP's LLC Members that provides for the payment by BRP Group to BRP's LLC Members of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that BRP Group actually realizes as a result of (i) any increase in tax basis in BRP assets resulting from (a) previous acquisitions by BRP Group of BRP's LLC Units from BRP's LLC Members, (b) the acquisition of LLC Units from BRP's LLC Members using the net proceeds from any future offering, (c) redemptions or exchanges by BRP's LLC Members of LLC Units and the corresponding number of shares of Class B common stock for shares of Class A common stock or cash or (d) payments under the Tax Receivable Agreement, and (ii) tax benefits related to imputed interest resulting from payments made under the Tax Receivable Agreement.

The actual increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending on a number of factors, including, but not limited to, the timing of any future redemptions, exchanges or purchases of the LLC Units held by BRP's LLC Members, the price of our Class A common stock at the time of the purchase, redemption or exchange, the extent to which redemptions or exchanges are taxable, the amount and timing of the taxable income that we generate in the future, the tax rates then applicable and the portion of our payments under the Tax Receivable Agreement constituting imputed interest.

**Share-Based Compensation**

Share-based compensation includes expense recognized for management incentive units, advisor incentives, restricted stock awards to Colleagues, Class A common stock awards to our board of directors and performance-based restricted stock units awards to executives. We measure share-based compensation expense at the grant date based on the fair value of the award and recognize compensation expense over the requisite service period, which is generally the vesting period. We use the ratable method to recognize compensation expense for equity awards with service conditions and performance conditions.

The grant-date fair value of unrestricted and restricted stock awards is equal to the market value of our Class A common stock on the date of grant. The fair value of the PSUs was estimated on the grant date using a Monte Carlo analysis to model the value of the PSUs using the following assumptions. Expected volatility between 18% and 172% is based on the 1-year historical volatility of a peer group and other companies that are publicly traded within the Russell 3000 Index. The risk-free interest rate of 0.27% is based on the U.S. Treasury rate in effect at the time of the grant. Expected term of 2.7 years is based on the actual term of the awards.

**Income Taxes**

We record a tax provision for the anticipated tax consequences of the reported results of operations. We compute the provision for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. We measure deferred tax assets and liabilities using the currently enacted tax rates in each jurisdiction that applies to taxable income in effect for the years in which those tax assets are expected to be realized or settled.

We are required to establish a valuation allowance for deferred tax assets and record a charge to income if it is determined, based on available evidence at the time the determination is made, that it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred taxes in 2021 have been reduced by a full valuation allowance due to a determination that it is more likely than not that all of the deferred tax assets will not be realized based on the weight of all available evidence.

Our evaluation of the realizability of the deferred tax assets focuses on identifying significant, objective evidence that we will more likely than not be able to realize our deferred tax assets in the future. We consider both positive and negative evidence when evaluating the need for a valuation allowance, which is highly judgmental and requires subjective weighting of such evidence.

## ITEM 7A. QUALITATIVE AND QUANTITATIVE 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 JPM Credit Agreement. 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, restricted cash, certificates of deposit, U.S. treasury securities and professionally managed short duration fixed income funds. These investments are subject to interest rate risk. The fair values of our invested assets at December 31, 2021 and 2020 approximated their respective carrying values due to their short-term duration and therefore, such market risk is not considered to be material.

Insurance premium pricing has historically been cyclical, based on the underwriting capacity of the insurance industry and economic conditions. External events, such as terrorist attacks, man-made and natural disasters, can also have significant impacts on the insurance market. We use the terms ‘‘soft market’’ and ‘‘hard market’’ to describe the business cycles experienced by the industry. A soft market is an insurance market characterized by a period of declining premium rates, which can negatively affect commissions earned by insurance agents. A hard market is an insurance market characterized by a period of rising premium rates, which, absent other changes, can positively affect commissions earned by insurance agents.

We do not actively invest or trade in equity securities. In addition, we generally dispose of any significant equity securities received in conjunction with an acquisition shortly after the acquisition date.

At December 31, 2021, we had $846.6 million of borrowings outstanding under the JPM Credit Agreement New Term Loans. These borrowings bear interest on a floating basis tied to either the prime rate or one of various other variable rates as defined in the JPM Credit Agreement. The variable rate currently in effect for the New Term Loans is LIBOR.

During 2021, we entered into interest rate cap agreements to limit the potential impact of interest rate changes on cash flows. In March 2021, we executed three interest rate cap agreements, each with a notional amount of $300.0 million, which limit our interest rates by 0.75%, 1.50%, and 2.50%, expiring on March 10, 2022, March 10, 2024 and March 8, 2026, respectively. In August 2021, we executed two additional interest rate cap agreements, each with a notional amount of $100.0 million and interest rate cap of 3.00% expiring on August 13, 2028. The interest rate cap agreements mitigate the interest rate volatility on $300.0 million of debt to a maximum of 4.75% and $100.0 million of debt to a maximum of 6.00%. Taking the interest rate cap agreements into consideration, an increase of 100 basis points in LIBOR at December 31, 2021 would have increased our annual interest expense for the JPM Credit Agreement by $6.2 million. However, the interest rate on the New Term Loans is subject to a LIBOR floor of 50 bps so the interest rate applicable to the New Term Loans will only change if LIBOR fluctuates in excess of 50 bps per annum.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of BRP Group, Inc.

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of BRP Group, Inc. and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive loss, of stockholders' / members' equity (deficit) and mezzanine equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO because material weaknesses in internal control over financial reporting existed as of that date related to (i) a lack of a sufficient number of personnel with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately; (ii) insufficient policies and procedures to achieve complete and accurate financial accounting, reporting and disclosures; and (iii) failure to design and maintain controls over the operating effectiveness of information technology ("IT") general controls.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses referred to above are described in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. We considered these material weaknesses in determining the nature, timing, and extent of audit tests applied in our audit of the 2021 consolidated financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements.

*Change in Accounting Principle*

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2021.

***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in management's report referred to above. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Annual Report on Internal Control over Financial Reporting, management has excluded 16 companies from its assessment of internal control over financial reporting as of December 31, 2021 because they were acquired by the Company in purchase business combinations during 2021. We have also excluded these 16 companies from our audit of internal control over financial reporting. These companies, each of which is wholly-owned, comprised, in the aggregate, total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting of approximately 7% and 11% of consolidated total assets and consolidated total revenues, respectively, as of and for the year ended December 31, 2021.

***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

***Critical Audit Matters***

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

*Valuation of the Acquired Purchased Customer Accounts and Distributor Relationships Intangible Assets*

As described in Note 4 to the consolidated financial statements, the Company acquired intangible assets relating to purchased customer accounts and distributor relationships with a total fair value of $350.3 million and $68.2 million, respectively, during the year ended December 31, 2021. Management assesses the fair value of purchased customer accounts and distributor relationships by comparison of a reasonable multiple applied to either the corresponding commissions and fees or earnings before income taxes, depreciation and amortization ("EBITDA") in addition to considering the estimated future cash flows expected to be received over the estimated future renewal periods of the insurance policies comprising the intangible assets through the use of recognized income approach valuation methods. The valuation of these intangible assets involves significant assumptions concerning matters such as revenue and expense growth rates, customer attrition rates and discount rates.

The principal considerations for our determination that performing procedures relating to the valuation of the acquired purchased customer accounts and distributor relationships intangible assets is a critical matter are (i) the significant judgment by management in determining the fair value of the acquired purchased customer accounts and distributor relationships intangible assets, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related revenue growth rates and customer attrition rates and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's valuation of the acquired purchased customer accounts and distributor relationships intangible assets, including the development of the significant assumptions related to revenue growth rates and customer attrition rates. These procedures also included, among others (i) reading the purchase agreements, (ii) testing the consideration transferred, and (iii) testing management's process for estimating the fair value of the acquired purchased customer accounts and distributor relationships intangible assets. Testing management's process included evaluating the appropriateness of the valuation methods, testing the completeness and accuracy of data provided by management, and evaluating the reasonableness of the significant assumptions related to revenue growth rates and customer attrition rates. Evaluating the significant assumptions related to revenue growth rates and customer attrition rates involved considering the historical performance of the acquired businesses, the historical performance of the Company, as well as industry and economic performance and forecasts. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the Company's valuation methods.

*Valuation of Contingent Earnout Liabilities*

As described in Note 20 to the consolidated financial statements, the Company's contingent earnout liabilities balance was $258.6 million as of December 31, 2021. The fair value of the contingent earnout liabilities is based on the present value of the expected future payments to be made to acquired companies or producers ("Partners") in accordance with the provisions outlined in the respective purchase agreements. In determining the fair value, management estimates the Partner's future performance using financial projections developed for the Partner and market participant assumptions that were derived for revenue growth, or profitability based on EBITDA. Management estimates future payments using the earnout formula and performance targets specified in each purchase agreement and the financial projections. These payments are discounted to present value using a risk-adjusted rate.

The principal considerations for our determination that performing procedures relating to the valuation of contingent earnout liabilities is a critical matter are (i) the significant judgment by management in determining the fair value of the contingent earnout liabilities, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumption related to revenue growth and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's valuation of the contingent earnout liabilities, including the development of the significant assumption related to revenue growth. These procedures also included, among others (i) reading the purchase agreements and terms related to the contingent earnout and (ii) testing management's process for estimating the fair value of the contingent earnout liabilities. Testing management's process included evaluating the appropriateness of the valuation method, testing the completeness and accuracy of data provided by management, and evaluating the reasonableness of the significant assumption related to revenue growth. Evaluating the significant assumption related revenue growth involved considering the historical performance of the Partners, historical performance of the Company, as well as industry and economic performance and forecasts. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the Company's valuation method.

/s/ PricewaterhouseCoopers LLP
Tampa, Florida
March 1, 2022

We have served as the Company's auditor since 2019.

**BRP GROUP, INC.**
**Consolidated Balance Sheets**

| (in thousands, except share and per share data) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 138,292 | $ 108,462 |
| Restricted cash | 89,445 | 33,560 |
| Premiums, commissions and fees receivable, net | 340,837 | 155,501 |
| Prepaid expenses and other current assets | 8,151 | 4,447 |
| Due from related parties | 1,668 | 19 |
| Total current assets | 578,393 | 301,989 |
| Property and equipment, net | 17,474 | 11,019 |
| Right-of-use assets | 81,646 | — |
| Other assets | 25,586 | 11,084 |
| Intangible assets, net | 944,467 | 554,320 |
| Goodwill | 1,228,741 | 651,502 |
| Total assets | $ 2,876,307 | $ 1,529,914 |
| **Liabilities, Mezzanine Equity and Stockholders’ Equity** | | |
| Current liabilities: | | |
| Premiums payable to insurance companies | $ 310,045 | $ 135,576 |
| Producer commissions payable | 41,833 | 24,260 |
| Accrued expenses and other current liabilities | 92,223 | 51,490 |
| Related party notes payable | 61,500 | — |
| Current portion of contingent earnout liabilities | 35,088 | 6,094 |
| Total current liabilities | 540,689 | 217,420 |
| Revolving line of credit | 35,000 | — |
| Long-term debt, less current portion | 814,614 | 381,382 |
| Contingent earnout liabilities, less current portion | 223,501 | 158,725 |
| Operating lease liabilities, less current portion | 71,357 | — |
| Other liabilities | 3,590 | 2,419 |
| Total liabilities | 1,688,751 | 759,946 |
| Commitments and contingencies (Note 21) | | |
| Mezzanine equity: | | |
| Redeemable noncontrolling interest | 269 | 98 |
| Stockholders’ equity: | | |
| Class A common stock, par value $0.01 per share, 300,000,000 shares authorized; 58,602,859 and 44,953,166 shares issued and outstanding at December 31, 2021 and 2020, respectively | 586 | 450 |
| Class B common stock, par value $0.0001 per share, 100,000,000 shares authorized; 56,338,051 and 49,828,383 shares issued and outstanding at December 31, 2021 and 2020, respectively | 6 | 5 |
| Additional paid-in capital | 663,002 | 392,139 |
| Accumulated deficit | (54,992) | (24,346) |
| Stockholder notes receivable | (219) | (465) |
| Total stockholders’ equity attributable to BRP Group, Inc. | 608,383 | 367,783 |
| Noncontrolling interest | 578,904 | 402,087 |
| Total stockholders’ equity | 1,187,287 | 769,870 |
| Total liabilities, mezzanine equity and stockholders’ equity | $ 2,876,307 | $ 1,529,914 |

See accompanying Notes to Consolidated Financial Statements. 

The following table presents the assets and liabilities of the Company's consolidated variable interest entities, which are included on the consolidated balance sheets above. The assets in the table below include those assets that can only be used to settle obligations of the consolidated variable interest entities.

| (in thousands) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| **Assets of Consolidated Variable Interest Entities That Can Only be Used to Settle the Obligations of Consolidated Variable Interest Entities:** | | |
| Cash and cash equivalents | $ 303 | $ 143 |
| Premiums, commissions and fees receivable, net | 272 | 130 |
| Total current assets | 575 | 273 |
| Property and equipment, net | 15 | 21 |
| Other assets | 5 | 5 |
| Total assets | $ 595 | $ 299 |
| **Liabilities of Consolidated Variable Interest Entities for Which Creditors Do Not Have Recourse to the Company:** | | |
| Premiums payable to insurance companies | $ — | $ 5 |
| Producer commissions payable | 41 | 17 |
| Accrued expenses and other current liabilities | 4 | 10 |
| Total liabilities | $ 45 | $ 32 |

## BRP GROUP, INC.
## Consolidated Statements of Comprehensive Loss

| (in thousands, except share and per share data) | For the Years Ended December 31, 2021 | 2020 | 2019 |
|---|---|---|---|
| Revenues: | | | |
| Commissions and fees | $ 567,290 | $ 240,919 | $ 137,841 |
| Operating expenses: | | | |
| Commissions, employee compensation and benefits | 400,050 | 174,114 | 96,955 |
| Other operating expenses | 102,162 | 48,060 | 24,576 |
| Amortization expense | 48,720 | 19,038 | 10,007 |
| Change in fair value of contingent consideration | 45,196 | 20,516 | 10,829 |
| Depreciation expense | 2,788 | 1,129 | 542 |
| Total operating expenses | 598,916 | 262,857 | 142,909 |
| Operating loss | (31,626) | (21,938) | (5,068) |
| Other income (expense): | | | |
| Interest expense, net | (26,899) | (7,857) | (10,640) |
| Loss on extinguishment of debt | — | — | (6,732) |
| Other income (expense), net | 424 | (95) | 3 |
| Total other expense | (26,475) | (7,952) | (17,369) |
| Loss before income taxes | (58,101) | (29,890) | (22,437) |
| Income tax expense (benefit) | 19 | (5) | 17 |
| Net loss | (58,120) | (29,885) | (22,454) |
| Less: net loss attributable to noncontrolling interests | (27,474) | (14,189) | (13,804) |
| Net loss attributable to BRP Group, Inc. | $ (30,646) | $ (15,696) | $ (8,650) |
| Comprehensive loss | $ (58,120) | $ (29,885) | $ (22,454) |
| Comprehensive loss attributable to noncontrolling interests | (27,474) | (14,189) | (13,804) |
| Comprehensive loss attributable to BRP Group, Inc. | (30,646) | (15,696) | (8,650) |
| Basic and diluted net loss per share | $ (0.64) | $ (0.58) | $ (0.48) |
| Basic and diluted weighted-average shares of Class A common stock outstanding | 47,587,866 | 27,175,705 | 17,916,735 |

See accompanying Notes to Consolidated Financial Statements. 

## BRP GROUP, INC.
## Consolidated Statements of Stockholders' / Members' Equity (Deficit) and Mezzanine Equity

| | Stockholders'/Members' Equity (Deficit) | | | | | | | | | | Mezzanine Equity | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Class A Common Stock | | Class B Common Stock | | | | | | | | | |
| (in thousands, except share data) | Shares | Amount | Shares | Amount | Additional Paid-in Capital | Accumu-lated Deficit | Members' Deficit | Stockholder/Member Notes Receivable | Non-controlling Interest | Total | Redeemable Noncontrolling Interest | Redeemable Members' Capital |
| Balance at December 31, 2018 | — | $ — | — | $ — | $ — | $ — | $ (63,606) | $ (90) | $ 937 | $ (62,759) | $ 46,208 | $ 39,354 |
| ***Activity prior to the Initial Public Offering*** | | | | | | | | | | | | |
| Net income | — | — | — | — | — | — | 602 | — | 126 | 728 | 4,119 | 699 |
| Contributions | — | — | — | — | — | — | — | — | — | — | 35 | — |
| Contributions through issuance of Member note receivable | — | — | — | — | — | — | — | (310) | 47 | (263) | 263 | — |
| Repayment of Member note receivable | — | — | — | — | — | — | — | 160 | — | 160 | — | — |
| Issuance and vesting of Management Incentive Units to Members | — | — | — | — | — | — | 1,334 | — | — | 1,334 | — | — |
| Issuance of Voting Common Units to redeemable common equity holder | — | — | — | — | — | — | — | — | — | — | — | 5,509 |
| Issuance of Non-Voting Common Units to Members and noncontrolling interest holders | — | — | — | — | — | — | 612 | — | 386 | 998 | — | — |
| Repurchase of Voting Common Units from Members | — | — | — | — | — | — | — | — | — | — | — | (11,177) |
| Repurchase redemption value adjustments | — | — | — | — | — | — | — | — | — | — | — | (1,323) |
| Noncontrolling interest issued in business combinations and asset acquisitions | — | — | — | — | — | — | — | — | 1,000 | 1,000 | 37,637 | — |
| Change in the redemption value of redeemable interests | — | — | — | — | — | — | (143,413) | — | — | (143,413) | 52,209 | 91,204 |
| Distributions | — | — | — | — | — | — | (3,122) | — | (94) | (3,216) | (6,182) | (1,151) |
| ***Effect of the Initial Public Offering and Reorganization Transactions*** | | | | | | | | | | | | |
| Issuance of Class A common stock in Offering, net of underwriting discounts and offering costs | 18,859,300 | 189 | — | — | 209,847 | — | — | — | — | 210,036 | — | — |
| Effect of Reorganization Transactions | 227,050 | 2 | 43,188,235 | 4 | (127,624) | — | 207,593 | (452) | 180,315 | 259,838 | (134,261) | (123,115) |
| ***Activity subsequent to the Initial Public Offering*** | | | | | | | | | | | | |
| Net loss | — | — | — | — | — | (8,650) | — | — | (19,340) | (27,990) | (10) | — |
| Contributions | — | — | — | — | — | — | — | — | — | — | 5 | — |
| Share-based compensation | 276,634 | 3 | 69,503 | — | 202 | — | — | — | 589 | 794 | — | — |
| Repayment of stockholder notes receivable | — | — | — | — | — | — | — | 4 | — | 4 | — | — |
| Balance at December 31, 2019 | 19,362,984 | $ 194 | 43,257,738 | $ 4 | $ 82,425 | $ (8,650) | $ — | $ (688) | $ 163,966 | $ 237,251 | $ 23 | $ — |

## BRP GROUP, INC.
## Consolidated Statements of Stockholders' / Members' Equity (Deficit) and Mezzanine Equity (Continued)

| | 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, 2019 | 19,362,984 | $ 194 | 43,257,738 | $ 4 | $ 82,425 | $ (8,650) | $ (688) | $ 163,966 | $ 237,251 | $ 23 |
| Net income (loss) | — | — | — | — | — | (15,696) | — | (14,245) | (29,941) | 56 |
| Issuances of Class A common stock, net of underwriting discounts and offering costs and redemption of Class B common stock for Class A common stock | 23,287,500 | 233 | (4,091,667) | — | 197,357 | — | — | 175,134 | 372,724 | — |
| Equity issued in business combinations | 1,415,837 | 14 | 11,004,696 | 1 | 107,867 | — | — | 78,238 | 186,120 | — |
| Share-based compensation | 633,246 | 7 | — | — | 3,852 | — | — | 925 | 4,784 | — |
| Redemptions and repurchases of common stock | 253,599 | 2 | (342,384) | — | 638 | — | — | (1,931) | (1,291) | — |
| Repayment of stockholder notes receivable | — | — | — | — | — | — | 223 | — | 223 | — |
| Contributions | — | — | — | — | — | — | — | — | — | 19 |
| Balance at December 31, 2020 | 44,953,166 | 450 | 49,828,383 | 5 | 392,139 | (24,346) | (465) | 402,087 | 769,870 | 98 |
| Net income (loss) | — | — | — | — | — | (30,646) | — | (27,645) | (58,291) | 171 |
| Issuances of Class A common stock, net of underwriting discounts and offering costs and redemption of Class B common stock for Class A common stock | 9,200,000 | 92 | — | — | 159,101 | — | — | 109,128 | 268,321 | — |
| Equity issued in business combinations | 1,053,190 | 10 | 7,441,139 | 1 | 91,678 | — | — | 102,918 | 194,607 | — |
| Share-based compensation | 2,465,032 | 25 | — | — | 16,621 | — | — | 960 | 17,606 | — |
| Redemption of Class B common stock | 931,471 | 9 | (931,471) | — | 8,535 | — | — | (8,544) | — | — |
| Tax distributions to BRP LLC members | — | — | — | — | (5,072) | — | — | — | (5,072) | — |
| Repayment of stockholder notes receivable | — | — | — | — | — | — | 246 | — | 246 | — |
| Balance at December 31, 2021 | 58,602,859 | $ 586 | 56,338,051 | $ 6 | $ 663,002 | $ (54,992) | $ (219) | $ 578,904 | $ 1,187,287 | $ 269 |

**BRP GROUP, INC.**
**Consolidated Statements of Cash Flows**

| | For the Years Ended December 31, | | |
|---|---|---|---|
| (in thousands) | 2021 | 2020 | 2019 |
| Cash flows from operating activities: | | | |
| Net loss | $ (58,120) | $ (29,885) | $ (22,454) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Depreciation and amortization | 51,508 | 20,167 | 10,549 |
| Change in fair value of contingent consideration | 45,196 | 20,516 | 10,829 |
| Share-based compensation expense | 19,193 | 7,744 | 3,227 |
| Amortization of deferred financing costs | 3,506 | 1,002 | 1,312 |
| Payment of contingent earnout consideration in excess of purchase price accrual | (4,825) | (1,727) | (8) |
| Other fair value adjustments | 311 | 67 | — |
| Change in fair value of interest rate caps | 123 | — | — |
| Loss on extinguishment of debt | — | — | 6,732 |
| Issuance of management incentive units | — | — | 1,334 |
| Participation unit compensation | — | — | 50 |
| Changes in operating assets and liabilities, net of effect of acquisitions: | | | |
| Premiums, commissions and fees receivable, net | (64,501) | (6,828) | (6,000) |
| Prepaid expenses and other assets | (8,032) | (1,611) | (2,631) |
| Due to/from related parties | (1,649) | 24 | 74 |
| Right-of-use assets | (81,646) | — | — |
| Accounts payable, accrued expenses and other current liabilities | 55,188 | 27,348 | 9,000 |
| Operating lease liabilities | 83,877 | — | — |
| Net cash provided by operating activities | 40,129 | 36,817 | 12,014 |
| Cash flows from investing activities: | | | |
| Cash consideration paid for business combinations, net of cash received | (668,033) | (669,236) | (98,423) |
| Capital expenditures | (5,321) | (5,469) | (1,718) |
| Investment in business venture | (1,907) | (1,250) | (200) |
| Cash consideration paid for asset acquisitions, net of cash received | (3,212) | (1,854) | (679) |
| Net cash used in investing activities | (678,473) | (677,809) | (101,020) |
| Cash flows from financing activities: | | | |
| Proceeds from issuance of Class A common stock, net of underwriting discounts | 269,375 | 451,574 | 246,208 |
| Purchase of LLC Units from shareholders | — | (78,274) | (31,332) |
| Payment of offering costs | (1,054) | (1,868) | (4,840) |
| Payment of contingent and guaranteed earnout consideration | (7,723) | (1,192) | (980) |
| Proceeds from revolving line of credit | 420,210 | 385,637 | 69,592 |
| Repayments of revolving line of credit | (385,210) | (325,000) | (66,200) |
| Proceeds from long-term debt | 441,430 | 286,331 | — |
| Repayments of long-term debt | (5,630) | (1,000) | (204) |
| Payments of debt issuance and debt extinguishment costs | (1,124) | (4,507) | (481) |
| Proceeds received from repayment of stockholder/member notes receivable | 246 | 223 | 164 |
| Purchase of interest rate caps | (6,461) | — | — |
| Proceeds from related party debt | — | — | 49,845 |
| Repayments of related party debt | — | — | (88,425) |
| Payments for repurchase of common units | — | — | (12,500) |
| Distributions | — | — | (10,549) |
| Other financing activity | — | 19 | 1,784 |
| Net cash provided by financing activities | 724,059 | 711,943 | 152,082 |
| Net increase in cash and cash equivalents and restricted cash | 85,715 | 70,951 | 63,076 |
| Cash and cash equivalents and restricted cash at beginning of year | 142,022 | 71,071 | 7,995 |
| Cash and cash equivalents and restricted cash at end of year | $ 227,737 | $ 142,022 | $ 71,071 |

See accompanying Notes to Consolidated Financial Statements. 

## BRP GROUP, INC.

## Consolidated Statements of Cash Flows (Continued)

| (in thousands) | For the Years Ended December 31, 2021 | 2020 | 2019 |
|---|---|---|---|
| Supplemental schedule of cash flow information: | | | |
| Cash paid during the year for interest | $ 22,110 | $ 5,958 | $ 9,487 |
| Disclosure of non-cash investing and financing activities: | | | |
| Equity interest issued in business combinations and asset acquisitions | $ 194,607 | $ 186,116 | $ 38,637 |
| Contingent earnout liabilities assumed in business combinations and asset acquisitions | 127,420 | 98,523 | 29,117 |
| Right-of-use assets obtained in exchange for operating lease liabilities | 86,524 | — | — |
| Conversion of contingent earnout liability to related party notes payable | 61,500 | — | — |
| Noncash debt issuance costs incurred | 11,557 | 12,554 | 2,809 |
| Right-of-use assets increased through lease modifications and reassessments | 6,131 | — | — |
| Noncash tax distributions payable | 5,072 | — | — |
| Principal and interest on revolving line of credit paid through funding of long-term debt | — | 101,115 | — |
| Capital expenditures incurred but not yet paid | 350 | 301 | — |
| Change in the redemption value of redeemable interests | — | — | 143,413 |
| Capitalization of issuance to redeemable common member | — | — | 5,509 |
| Exchange of advisor incentive plan liability to equity | — | — | 2,153 |
| Transfer of long-term debt to revolving line of credit | — | — | 1,820 |
| Contingently returnable consideration recorded in business combinations | — | — | 321 |
| Exchange of participation unit ownership plan liability to equity | — | — | 311 |

See accompanying Notes to Consolidated Financial Statements. 

## 1. Business and Basis of Presentation

BRP Group, Inc. (“BRP Group” or the “Company”) was incorporated in the state of Delaware on July 1, 2019. BRP Group was formed for the purpose of completing an initial public offering of its common stock and related transactions in order to carry on the business of Baldwin Risk Partners, LLC (“BRP”) as a publicly-traded entity. On October 28, 2019, BRP Group completed an initial public offering of its Class A common stock and became the sole managing member of BRP. The financial statements of BRP Group have been presented as a combination of the financial results of BRP Group and BRP as of the earliest period presented as discussed further under Principles of Consolidation section below.

BRP Group is a diversified insurance agency and services organization that markets and sells insurance products and services to its customers throughout the U.S., although a significant portion of the Company’s business is concentrated in the Southeastern U.S., with several other regional concentrations. BRP Group and its subsidiaries operate through four reportable segments (“Operating Groups”), including Middle Market, Specialty, MainStreet, and Medicare, which are discussed in more detail in Note 22.

### Public Equity Offerings

On October 28, 2019, BRP Group completed an initial public offering (the “Initial Public Offering”) of its Class A common stock, in which it sold 18,859,300 shares, including 2,459,300 shares pursuant to the underwriters’ over-allotment option that subsequently settled on November 26, 2019. The shares began trading on the Nasdaq Global Select Market (the “Nasdaq”) on October 24, 2019. The shares were sold at an initial offering price of $14.00 per share for net proceeds of $241.4 million after deducting underwriting discounts and commissions of $17.8 million and net offering expenses of $4.8 million.

In connection with the Initial Public Offering, BRP Group and BRP entered into a series of transactions to implement an internal reorganization (the “Reorganization Transactions”), which are described in detail in Note 3.

On June 29, 2020, the Company completed a public offering of 13,225,000 shares of its Class A common stock, including 1,725,000 shares sold pursuant to the underwriters’ over-allotment option. The shares were sold at an offering price of $13.25 per share for net proceeds of $166.5 million after deducting underwriting discounts and commissions of $7.9 million and offering expenses of $0.8 million.

On December 11, 2020, the Company completed a public offering of 10,062,500 shares of its Class A common stock, including 1,312,500 shares sold pursuant to the underwriters’ over-allotment option. The shares were sold at an offering price of $29.50 per share for net proceeds of $283.2 million after deducting underwriting discounts and commissions of $12.6 million and offering expenses of $1.1 million.

On September 17, 2021, the Company completed a public offering of 9,200,000 shares of its Class A common stock, including 1,200,000 shares sold pursuant to the underwriters’ over-allotment option. The shares were sold at an offering price of $30.50 per share for net proceeds of approximately $269.4 million after deducting underwriting discounts and commissions of $11.2 million. The Company used such proceeds to purchase 9,200,000 LLC Units. The Company also paid offering expenses of $1.1 million.

### Principles of Consolidation

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

As the sole manager of BRP, BRP Group operates and controls all the business and affairs of BRP, and has the sole voting interest in, and controls the management of, BRP. Accordingly, BRP Group began consolidating BRP in its consolidated financial statements as of the closing date of the Initial Public Offering, resulting in a noncontrolling interest related to the membership interests of BRP (the "LLC Units") held by BRP’s LLC members in its consolidated financial statements.

BRP and BRP Group have been under the common control of our Chairman, Lowry Baldwin, before and after the Reorganization Transactions. Prior to the Reorganization Transactions, Mr. Baldwin held a controlling interest in Baldwin Investment Group Holdings, LLC (“BIGH”), which was the controlling owner of BRP through its majority ownership of BRP’s common units. In addition, Mr. Baldwin was the sole shareholder of BRP Group. Upon reorganization, BRP Group became the sole managing member of BRP. Holders of the Class B common stock held a majority of the voting power of BRP Group and stockholders of a majority of the Class B common stock, including BIGH, executed a Voting Agreement in which they agreed to vote in the same manner as Mr. Baldwin. As a result, Mr. Baldwin continued to control BRP Group subsequent to the Initial Public Offering and Reorganization Transactions. Accordingly, we accounted for the Reorganization Transactions as a transaction between entities under common control in accordance with Accounting Standards Codification (“ASC”) Topic 805-50, *Business Combinations - Related Issues*, under which the financial information of BRP Group has been combined with that of BRP as of the earliest period presented.

The Company has prepared these consolidated financial statements in accordance with 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 5 for additional information regarding the Company’s variable interest entities.

Topic 810 also requires that the equity of a noncontrolling interest shall be reported in the consolidated balance sheets within total equity of the Company. Certain redeemable noncontrolling interests are reported in the 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. Refer to the Redeemable Noncontrolling Interest and Noncontrolling Interest sections of Note 2 for additional information.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“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 consolidated financial statements include the application of guidance for revenue recognition, including determination of allowances for estimated policy cancellations; the determination of fair value in relation to business combinations, purchase price allocation and valuation of intangible assets and contingent consideration; impairment of long-lived assets including goodwill; valuation of the Tax Receivable Agreement liability and income taxes; and share-based compensation.

**Subsequent Events**

The Company evaluated events or transactions that may have occurred after the balance sheet date for potential recognition or disclosure through the date the financial statements were issued. No subsequent events or transactions requiring recognition or disclosure were identified.

**Recently Issued Accounting Pronouncements**

In October 2021, the FASB issued ASU No. 2021-08, Business Combinations (Topic 805)—Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (“ASU 2021-08”) to improve the accounting for acquired revenue contracts with customers in business combination by addressing diversity in practice and inconsistency related to (i) the recognition of an acquired contract liability and (ii) payment terms and their effect on subsequent revenue recognized by the acquirer. ASU 2021-08 requires that, at acquisition date, an entity recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC Topic 606, *Revenue from Contracts with Customers* (“Topic 606”) as if it had originated the contracts, while also taking into account how the acquiree applied Topic 606. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the full effect that the adoption of this standard will have on its consolidated financial statements.

**Emerging Growth Company Status**

Prior to December 31, 2021, the Company was an emerging growth company under the Jumpstart Our Business Startups ("JOBS") Act and had elected to delay the adoption of new and revised accounting pronouncements applicable to public companies until such pronouncements were made applicable to private companies. As a result, the Company did not have to comply with the public company's effective dates for Topics 326 and Topic 842 (defined below).

At December 31, 2021, the Company lost its emerging growth company status in conjunction with qualifying as a large accelerated filer. Concurrent with its change in status, the Company adopted all required accounting pronouncements applicable to public companies, including Topic 326 and Topic 842, which were adopted effective January 1, 2021. As a result of the adoption of Topic 842, the Company adjusted its previously reported consolidated financial statements for the quarters ended March 31, 2021, June 30, 2021 and September 30, 2021. The Company was not required to file amendments to previously filed Quarterly Reports on Forms 10-Q; although, 2021 amounts will be restated in its 2022 Quarterly Reports. The effects of the adoption of Topic 842 on the Company's balance sheet at December 31, 2020 and its quarterly operating results for the year ended December 31, 2021 are included below.

**Adoption of the Credit Losses Standard Under Topic 326**

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, Financial Instruments—Credit Losses ("Topic 326"): Measurement of Credit Losses on Financial Statements ("ASU 2016-13"), which amends the guidance for recognizing credit losses on financial instruments measured at amortized cost. ASU 2016-13 replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The FASB has subsequently issued several additional ASUs related to credit losses, which improved upon, provided interpretation of and transition relief for, the guidance issued in ASU 2016-13. This guidance is effective for the Company on December 31, 2021 in conjunction with its loss of emerging growth company status as discussed above. The Company adopted ASU 2016-13 using the modified retrospective approach as of January 1, 2021. The cumulative effect of the adoption was not significant to the Company's consolidated financial statements.

**Adoption of the Lease Accounting Standard Under Topic 842**

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, Leases ("Topic 842"). The guidance in Topic 842, which supersedes the lease recognition requirements in ASC Topic 840, *Leases* ("Topic 840"), requires an entity to recognize right-of-use ("ROU") assets and lease liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures.

A lease is an agreement between two or more parties that creates enforceable rights and obligations that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Topic 842 requires an entity to determine whether a contract is a lease or contains a lease at the inception of the contract, considering all relevant facts and circumstances. There are two main components in determining if a contract is a lease: (i) a right to use an identified asset and (ii) control over the use of the identified asset. A customer does not have the right to use an identified asset if, at inception of the contract, a supplier has the substantive right to substitute the asset throughout the period of use. Control over the use of the identified asset requires a customer to obtain "substantially all the economic benefits" and to have the "ability to direct the use of the asset."

Topic 842 requires the recognition of lease right-of-use assets and lease liabilities on the balance sheet, which are established at the inception of a lease by computing a net present value of the future lease payments. Right-of-use assets are amortized to operating lease expense over the lease term as calculated by the difference between the straight-line lease expense and the interest calculated on the lease liability. Rent payments are applied against the lease liabilities and the discount related to lease liabilities is accreted to operating lease expense over the lease term.

As discussed above, the Company adopted Topic 842 in connection with the loss of emerging growth company status. Topic 842 was adopted effective January 1, 2021 (the "adoption date") on a modified retrospective basis, under which it applied the new guidance to leases existing at, or entered into after, the adoption date. Reporting for the comparative prior year periods presented in 2021, including comparative disclosure requirements, continues to be in accordance with the previous lease guidance under Topic 840. Upon adoption of Topic 842, we recorded right-of-use assets of $55.6 million and lease liabilities of $56.4 million and expensed net deferred rent liabilities of $1.7 million related to our operating leases. The effects of applying Topic 842 related to the adjustments to our operating leases are described in Note 13.

The transition guidance associated with Topic 842 also permitted the use of certain practical expedients. First, the Company elected the package of three practical expedients for transition, allowing the carryforward of certain aspects of its historical lease accounting under Topic 840 for leases that commenced before the effective date, including not to reassess (a) whether any expired or existing contracts are or contain leases, (ii) lease classification for any expired or existing leases, and (iii) initial direct costs for any existing leases. Second, the Company elected the optional transition method practical expedient to apply the new guidance at its effective date, without having to adjust the prior two years comparative financial statements. Third, the Company elected the practical expedient to not separate non-lease and lease components and instead account for them as a single lease component for all classes of underlying assets. The Company does not include variable payments that are not based on an index or rate in the single lease component, regardless of whether they are related to the lease or non-lease component. Fourth, the Company made the short term lease exemption accounting policy election to not recognize a lease liability or ROU asset on its balance sheet to leases with an initial term of 12 months or less. Instead, these lease payments are expensed on a straight-line basis over the lease term.

The lease ROU assets and related lease liabilities are classified as either operating or finance. Lease liabilities are measured at the lease commencement date as the present value of future minimum lease payments. Lease ROU assets are measured as the lease liability plus prepaid lease payments less deferred rent. In measuring the present value of the future minimum lease payments, the discount rate for the lease is the rate implicit in the lease, when readily determinable, or the lessee's incremental borrowing rate, when the implicit rate is not determinable. In computing its lease liabilities, the Company uses an incremental borrowing rate based on the information available on the commencement date using a company-specific rate. 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.

The cumulative effect of applying Topic 842 on our consolidated balance sheets as of January 1, 2021 was as follows:

| **(in thousands)** | **Balances as of December 31, 2020 as Previously Reported** | **Effect of Adoption of Topic 842** | **Balances as of January 1, 2021** |
|---|---|---|---|
| Assets: | | | |
| Prepaid expenses and other current assets | $ 4,447 | $ (169) | $ 4,278 |
| Right-of-use assets | — | 55,643 | 55,643 |
| Total assets | 1,529,914 | 55,474 | 1,585,388 |
| Liabilities: | | | |
| Accrued expenses and other current liabilities [(1)] | $ 51,490 | $ 5,783 | $ 57,273 |
| Operating lease liabilities, non-current | — | 48,699 | 48,699 |
| Total liabilities | 759,946 | 54,482 | 814,428 |

(1) Effect of adoption of Topic 842 for accrued expenses and other current assets includes adjustments of $(1.9) million to deferred rent liabilities and $7.7 million to current portion of operating lease liabilities.

The following tables summarize the Company's unaudited consolidated financial data on a quarterly basis for years ended December 31, 2021.

| | For the 2021 Quarters Ended | | | |
|---|---|---|---|---|
| (in thousands) | March 31 [(1)] | June 30 [(1)] | September 30 [(1)] | December 31 |
| Commissions and fees | $ 152,828 | $ 119,706 | $ 135,556 | $ 159,200 |
| Total operating expenses | 115,878 | 133,242 | 152,739 | 197,057 |
| Operating income (loss) | 36,950 | (13,536) | (17,183) | (37,857) |
| Total other expenses | (5,643) | (6,905) | (7,418) | (6,509) |
| Income (loss) before income taxes | 31,307 | (20,441) | (24,601) | (44,366) |
| Income tax expense | — | — | — | 19 |
| Net income (loss) | 31,307 | (20,441) | (24,601) | (44,385) |
| Net income (loss) attributable to noncontrolling interests | 16,001 | (10,348) | (11,389) | (21,738) |
| Net income (loss) attributable to BRP Group, Inc. | $ 15,306 | $ (10,093) | $ (13,212) | $ (22,647) |
| Basic earnings (loss) per share | $ 0.35 | $ (0.23) | $ (0.28) | $ (0.41) |
| Diluted earnings (loss) per share | 0.33 | (0.23) | (0.28) | (0.41) |

(1) As a result of our adoption of Topic 842 as of January 1, 2021, quarterly amounts presented in our prior Quarterly Reports on Form 10-Q were revised. Total operating expenses, income (loss) before taxes and net income (loss) were each adjusted by $(0.7) million, $0.3 million and $0.4 million for the first, second and third quarters of 2021, respectively. Basic earnings (loss) per share was adjusted by $0.02 and $(0.01) for each of the first and second quarters of 2021, respectively. Diluted earnings (loss) per share was adjusted by $0.01 and $(0.01) for each of the first and second quarters of 2021, respectively.

## 2. Significant Accounting Policies

### Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606").

The Company earns commission revenue by facilitating the arrangement between Insurance Company Partners and individuals or businesses by providing insurance placement services to insureds ("Clients") with Insurance Company Partners. Commission revenues are usually a percentage of the premium paid by Clients and generally depend upon the type of insurance, the Insurance Company Partner and the nature of the services provided. In some limited cases, the Company shares commissions with other agents or brokers who have acted jointly with the Company in a transaction. The Company controls the fulfillment of the performance obligation and its relationship with its Insurance Company Partners and the outside agents. Commissions shared with downstream agents or brokers are recorded in commission, employee compensation and benefits expense in the consolidated statements of comprehensive loss. Commissions are earned at a point in time upon the effective date of bound insurance coverage as no performance obligation exists after coverage is bound.

Commission revenue is recorded net of allowances for estimated policy cancellations, which are determined based on an evaluation of historical and current cancellation data.

The Company earns service fee revenue in its Middle Market segment by receiving negotiated fees in lieu of a commission and consulting revenue from services other than securing insurance coverage. Service fee and consulting revenues from certain agreements are recognized over time depending on when the services within the contract are satisfied and when the Company has transferred control of the related services to the customer.

Commissions and fees for brokerage services may be invoiced near the effective date of the underlying policy or over the term of the arrangement in installments during the policy period. However, regardless of the payment terms, commissions are recognized at a point in time upon the effective date of bound insurance coverage, as no performance obligation exists after coverage is bound.

The Company may receive a profit-sharing commission from an Insurance Company Partner, which is based primarily on underwriting results, but may also contain considerations for volume, growth, loss performance, or retention. Profit-sharing commissions represent a form of variable consideration, which includes additional commissions over base commissions received from Insurance Company Partners. Profit-sharing commissions associated with relatively predictable measures are estimated with a constraint applied and recognized at a point in time. The profit-sharing commissions are recorded as the underlying policies that contribute to the achievement of the metric are placed with any adjustments recognized when payments are received or as additional information that affects the estimate becomes available. Profit-sharing commissions associated with loss performance are uncertain, and therefore, are subject to significant reversal through catastrophic loss season and as loss data remains subject to material change. The constraint is relieved when management estimates revenue that is not subject to significant reversal, which often coincides with the earlier of written notice from the Insurance Company Partner that the target has been achieved, or cash collection. Year-end amounts incorporate estimates based on confirmation from Insurance Company Partners after calculation of potential loss ratios that are impacted by catastrophic losses. The consolidated financial statements include estimates based on constraints and incorporates information received from Insurance Company Partners, and where still subject to significant changes in estimates due to loss ratios and external factors that are outside of the Company's control, a full constraint is applied.

The Company pays an incremental amount of compensation in the form of producer commissions on new business. These incremental costs are capitalized as deferred commission expense and amortized over five years, which represents management's estimate of the average period over which a Client maintains its initial coverage relationship with the original Insurance Company Partner. The Company has concluded that this period is consistent with the transfer to the customer of the services to which the asset relates.

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.

The Company earns policy fee revenue for acting in its capacity as a managing general agent ("MGA") on behalf of the Insurance Company Partner and fulfilling certain services including delivery of policy documents, processing payments and other administrative functions during the term of the insurance policy. Policy fee revenue is deferred and recognized over the life of the policy. These deferred amounts are recognized as contract liabilities, which is included as a component of accrued expenses and other current liabilities on the consolidated balance sheets. The Company earns installment fee revenue related to policy premiums paid on an installment basis for payment processing services performed on behalf of the Insurance Company Partner. The Company recognizes installment fee revenue in the period the services are performed.

**Cash Equivalents**

The Company considers all highly liquid short-term instruments with original maturities of three months or less to be cash equivalents.

**Restricted Cash**

Restricted cash includes amounts that are legally restricted as to use or withdrawal. Restricted cash represents cash collected from customers that is payable to Insurance Company Partners and for which segregation of this cash is required by contract with the relevant insurance company providing coverage or by law within the state. The Company also holds restricted cash specifically in its role as an MGA.

**Premiums, Commissions and Fees Receivable, Net**

In its capacity as an insurance agent or broker, the Company typically collects premiums from Clients, and after deducting its authorized commissions, remits the net premiums to the appropriate Insurance Company Partners. Accordingly, premiums receivable reflect these amounts due from Clients.

In other circumstances, the Insurance Company Partners collect the premiums directly from Clients and remit the applicable commissions to the Company. Accordingly, commissions receivable reflect these amounts due from Insurance Company Partners. Fees receivable primarily represent amounts due from Clients of the Company's services division.

Premiums, commissions and fees receivable are reported net of allowances for estimated policy cancellations and doubtful accounts. The allowance for estimated policy cancellations was $5.2 million and $3.2 million at December 31, 2021 and 2020, respectively, which represents a reserve for future reversals in commission and fee revenues related to the potential cancellation of client insurance policies that were in force as of each year end. The allowance for estimated policy cancellations is established through a charge to revenues. The allowance for estimated policy cancellations is offset in part by a producer commissions chargeback of $2.3 million and $1.7 million at December 31, 2021 and 2020. The producer commissions chargeback is established through a charge to commissions, employee compensation and benefits expense and is netted against producer commissions payable on the balance sheets.

The Company recognizes an allowance for credit losses that reflects the Company's estimate of expected credit losses for its premiums, commissions and fees receivable. This allowance is not significant during any periods presented.

**Property and Equipment, Net**

Property and equipment is stated at cost. For financial reporting purposes, depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets as follows:

| | Years |
|---|---|
| Building | 39 |
| Leasehold improvements | 3 - 10 |
| Furniture | 5 - 7 |
| Office and computer equipment | 3 - 7 |
| Website development | 7 |

Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful life or the reasonably assured lease term at inception of the lease. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. The difference between the net book value of the assets and proceeds from disposal is recognized as a gain or loss on disposal, which is included in other income (expense), net in the consolidated statements of comprehensive loss. Routine maintenance and repairs are charged to expense as incurred, while costs of improvements and renewals are capitalized.

Property and equipment is evaluated for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An asset is considered to be impaired when the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition does not exceed its carrying amount. The amount of the impairment loss, if any, is measured as the amount by which the carrying value of the asset exceeds its fair value.

**Intangible Assets, Net and Goodwill**

The majority of the Company’s intangible assets are acquired in connection with strategic acquisitions made by the Company (“Partnerships”). Intangible assets identified in a Partnership are recorded at fair value on the acquisition date. The excess of the purchase price in a business combination over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed is assigned to goodwill.

Intangible assets are stated at cost, less accumulated amortization, and consist of purchased customer accounts, distributor relationships, carrier relationships, software and trade names acquired in connection with business combinations. Purchased customer accounts, distributor relationships, carrier relationships and trade names are being amortized based on a pattern of economic benefit over an estimated life of 1 to 20 years. Purchased customer accounts primarily consist of records and files that contain information about insurance policies and the related Clients that are essential to policy renewals. Distributor relationships consist of relationships with distributors that were not previously established. Carrier relationships consist of the infrastructure for fulfilling services as an MGA on behalf of the Insurance Company Partner. Trade names consist of acquired business names with potential customer base recognition. Intangible assets also include software, which is amortized on the straight-line basis over an estimated useful life of 2 to 5 years.

We review our definite-lived intangible assets and other long-lived assets for impairment at least annually or whenever an event occurs that indicates the carrying amount of an asset may not be recoverable. No impairment was recorded for the years ended December 31, 2021, 2020 or 2019.

Goodwill is subject to an impairment assessment on an annual basis or whenever indicators of impairment are present. The Company performs a qualitative assessment to determine whether a quantitative impairment test is necessary. In a quantitative assessment, the Company compares the fair value of each reporting unit with its carrying amount to determine if there is potential impairment of goodwill. If the carrying value of a reporting unit is greater than the fair value, an impairment charge is recorded for the amount that the carrying amount of the reporting unit, including goodwill, exceeds its fair value, limited to the amount of goodwill of the reporting unit.

**Deferred Financing Costs, Net**

Deferred financing costs consist of origination fees and debt issuance costs related to obtaining credit facilities. The Company has recorded these costs as an asset and liability on the consolidated balance sheets in accordance with ASC Topic 835-30, *Interest*. Deferred financing costs associated with revolving credit facilities are included in other assets on the consolidated balance sheets while those related to term loans are recorded as an offset to long-term debt. Deferred financing costs included in other assets were $4.9 million and $4.8 million, net of accumulated amortization of $1.8 million and $1.1 million, at December 31, 2021 and 2020, respectively. Deferred financing costs and original issue discount included in long-term debt totaled $26.6 million and $14.0 million, net of accumulated amortization of $3.2 million and $0.4 million, at December 31, 2021 and 2020, respectively. Such costs are amortized using the effective interest method over the terms of the respective debt. Amortization of deferred financing costs, which is included in interest expense, net in the accompanying consolidated statements of comprehensive loss, was approximately $3.5 million, $1.0 million, and $1.3 million for the years ended December 31, 2021, 2020 and 2019, respectively.

**Derivative Instruments**

The Company utilizes derivative financial instruments, consisting of interest rate caps, to manage the Company’s interest rate exposure. Derivative instruments are recognized as assets or liabilities at fair value on the consolidated balance sheets. The Company has not designated these derivatives as hedging instruments for accounting purposes and, accordingly, the changes in fair value of these derivatives are recognized in earnings. Cash payments and receipts under the derivative instruments are classified within cash flows from financing activities on the accompanying statements of cash flows. The Company does not use derivative instruments for trading or speculative purposes.

**Self-Insurance Reserve**

The Company converted to a self-insured health insurance plan beginning in March 2020 for which it carries an insurance program with specific retention levels or high per-claim deductibles for expected losses. The Company records a liability for all unresolved claims and for an estimate of incurred but not reported ("IBNR") claims at the anticipated cost that falls below its specified retention levels or per-claim deductible amounts. In establishing reserves, the Company considers actuarial assumptions and judgments regarding economic conditions and the frequency and severity of claims. The Company had an IBNR reserve of $1.1 million and $0.7 million at December 31, 2021 and 2020, respectively, which is included in accrued expenses and other current liabilities on the consolidated balance sheets.

**Leases**

Leases are classified at their commencement date, which is defined as the date on which the lessor makes the underlying asset available for use by the lessee, as either operating or finance leases based on the economic substance of the agreement. We recognize right-of-use assets and lease liabilities on our consolidated balance sheets for operating leases. Lease liabilities are measured at the lease commencement date as the present value of the future lease payments using the interest rate implicit in the lease if readily determinable. Otherwise, the Company utilizes its incremental borrowing rate as of the lease commencement date. Lease right-of-use assets are measured as the lease liability plus initial direct costs and prepaid lease payments less lease incentives. 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.

Operating lease expenses on capitalized leases and short-term leases are recognized on a straight-line basis over the respective lease term, inclusive of rent escalation provisions and rent holidays, as a component of other operating expense in the consolidated statements of comprehensive loss.

**Contingent Earnout Liabilities**

The Company accounts for contingent consideration relating to business combinations as either contingently returnable consideration or a contingent earnout liability and a decrease (increase) to goodwill at the date of the acquisition and continually remeasures the asset or liability at each balance sheet date by recording changes in the fair value through change in fair value of contingent consideration in the consolidated statements of comprehensive loss. The ultimate settlement of contingently returnable consideration and contingent earnout liabilities relating to business combinations may be for amounts that are materially different from the amounts initially recorded and may cause volatility in the Company's results of operations.

The Company accounts for contingent consideration relating to asset acquisitions as a contingent earnout liability and an increase to the cost of the acquired assets on a relative fair value basis at the date of the acquisition. Once recognized, the contingent earnout liability is not derecognized until the contingency is resolved and the consideration is issued or becomes issuable. If the amount initially recognized as a liability exceeds the fair value of the contingent consideration issued or issuable, the entity recognizes that amount as a reduction of the cost of the asset acquisition. The ultimate settlement of contingent earnout liabilities relating to asset acquisitions may be for amounts that are materially different from the amounts initially recorded.

The Company determines the fair value of contingently returnable consideration and contingent earnout liabilities based on future cash flow projections under various potential scenarios and weighs the probability of these outcomes as discussed further in Note 20.

**Redeemable Noncontrolling Interest**

ASC Topic 480, *Distinguishing Liabilities from Equity* ("Topic 480"), requires noncontrolling interests that are redeemable for cash or other assets to be classified outside of permanent equity if they are redeemable (i) at a fixed or determinable price on a fixed or determinable date, (ii) at the option of the holder, or (iii) upon the occurrence of an event that is not solely within the control of the issuer. Prior to the Reorganization Transactions, the equity securities of certain of the Company's noncontrolling interests contained an embedded put feature that was redeemable at the election of the interest holder. The Company had no control over whether the put option was exercised, and therefore, redemption was outside the Company's control. As such, these equity securities were recorded as redeemable noncontrolling interests.

Redeemable noncontrolling interests are reported at estimated redemption value measured as the greater of estimated fair value at the end of each reporting period or the historical cost basis of the redeemable noncontrolling interest adjusted for cumulative earnings or loss allocations. The resulting increases or decreases to redemption value, if applicable, are recognized as adjustments to retained earnings.

In conjunction with the Reorganization Transactions as discussed in Note 3, the Company executed its call rights for the majority of the redeemable noncontrolling ownership interests, which were converted into permanent equity through the issuance of Class B common stock and LLC Units. Rollover Members equity holdings held by BKS Smith, LLC and BKS MS, LLC, two of the Company's VIEs, were not converted to permanent equity and remain redeemable and a component of redeemable noncontrolling interest subsequent to the conversion. All put rights no longer exist; however, some of these LLC Units and Class B common stock are not eligible to be converted into shares of Class A common stock until certain time has passed since the initial acquisition.

**Noncontrolling Interest**

Noncontrolling interests are reported at historical cost basis adjusted for cumulative earnings or loss allocations and classified as a component of stockholders' equity on the consolidated balance sheets. Noncontrolling interest as presented for the year ended December 31, 2019 consists of the noncontrolling interest holdings of BRP Group subsequent to the Reorganization Transactions. The controlling interest holdings of BRP for the period from January 1, 2019 through October 27, 2019 have been reclassified to noncontrolling interest holdings of BRP Group for presentation of activity for the year ended December 31, 2019.

### Income Taxes

BRP has been, and will continue to be, treated as a partnership for U.S. federal, state and local income tax purposes. As a partnership, BRP’s taxable income or loss is included in the taxable income of its members. Accordingly, no income tax expense was recorded for federal and state and local jurisdictions for periods prior to the Initial Public Offering.

BRP Group is a taxable entity and in connection with the Initial Public Offering and the Reorganization Transactions completed on October 28, 2019, the Company became a taxable entity. In addition, BRP Colleague Inc., a subsidiary of BRP Group, was formed as a C Corporation during 2017 and is a taxable entity.

The Company accounts for income taxes pursuant to the asset and liability method which requires the recognition of deferred income tax assets and liabilities related to the expected future tax consequences arising from temporary differences between the carrying amounts and tax bases of assets and liabilities based on enacted statutory tax rates applicable to the periods in which the temporary differences are expected to reverse. Any effects of changes in income tax rates or laws are included in income tax expense in the period of enactment.

The Company and its subsidiaries follow ASC Topic 740, *Income Taxes*. A component of this standard prescribes a recognition and measurement threshold of uncertain tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. Management has evaluated the Company’s tax positions and concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Company does not expect any of its tax positions to change significantly in the near term.

### Tax Receivable Agreement

The Company’s purchase of BRP’s LLC Units concurrent with the Initial Public Offering, and the future exchanges of LLC Units from BRP’s LLC Members and the corresponding number of shares of Class B common stock for shares of Class A common stock, is expected to result in increases in its share of the tax basis of the tangible and intangible assets of BRP, which will increase the tax depreciation and amortization deductions that otherwise would not have been available to BRP Group. These increases in tax basis and tax depreciation and amortization deductions are expected to reduce the amount of cash taxes that BRP Group would otherwise be required to pay in the future. BRP Group has entered into a Tax Receivable Agreement, with the other members of BRP that requires it to pay them 85% of the amount of cash savings, if any, in U.S. federal, state, and local income tax that BRP Group actually realizes (or, under certain circumstances, is deemed to realize) as a result of the increases in tax basis in connection with exchanges by the recipients described above and certain other tax benefits attributable to payments under the Tax Receivable Agreement.

### Share-Based Compensation

Share-based payments to employees and non-employee directors are measured based on the estimated grant-date fair value. The grant-date fair value of unrestricted and restricted stock awards is equal to the market value of BRP Group’s Class A common stock on the date of grant. We offer awards which vest based on service conditions, performance conditions, or market conditions. We apply the Black-Scholes option-pricing model, a Monte Carlo Simulation, or a lattice model, depending on the vesting conditions, in determining the fair value of performance-based restricted stock unit awards to employees. The Company recognizes share-based compensation expense over the requisite service period for awards expected to ultimately vest. The Company recognizes forfeitures as they occur.

### Advisor Incentive Plan

Prior to the Company's Initial Public Offering, BRP had advisor incentive agreements with several of its producers (“Risk Advisors”) to incentivize them to stay with the Company and grow their book of business. The incentive rights had a deposit buy-in requirement payable in the form of payroll withholding or other cash payments for which the Company recorded an advisor incentive liability. The incentive rights could be converted to LLC Units after the achievement of certain milestones, subject to approval at the discretion of management. Risk Advisors were deemed probable of meeting the performance condition after having achieved the first milestone related to their advisor incentive agreements.

The Company’s obligation related to advisor incentive liabilities of all but one Risk Advisor was settled in connection with the Reorganization Transactions as discussed in Note 3. One Risk Advisor chose not to convert his incentive rights into common stock of BRP Group. As a result, this advisor’s incentive liability remains outstanding at December 31, 2021. Advisor incentive liabilities, which are included in other liabilities on the consolidated balance sheets, were approximately $3.6 million and $2.4 million at December 31, 2021 and 2020, respectively.

The Company continues to account for the remaining advisor incentive award as liability-classified share-based payment awards under ASC 718, *Compensation - Stock Compensation* (“Topic 718”). The Company estimates the fair value of the expected buyout amount each reporting period and records compensation expense and an increase to the advisor incentive liability and will continue to do so until a termination event occurs. Compensation expense for advisor incentive liabilities is included in commissions, employee compensation and benefits in the consolidated statements of comprehensive loss.

**Participation Unit Ownership Plan**

During 2019, the Company had a Participation Unit Ownership Plan (the “Participation Plan”), which offered certain Colleagues additional incentives to promote success. The Participation Plan permitted the grant of up to 100,000 participation units, to be settled in cash only. Participation units vested on the fifth anniversary of the date of the grant unless a qualifying event occurs, as outlined in the Participation Plan agreement. The Company’s obligation under the Participation Plan was settled in connection with the Reorganization Transactions as discussed in Note 3.

**Fair Value of Financial Instruments**

The carrying values of the Company’s financial assets and liabilities, including cash and cash equivalents, premiums, commissions and fees receivable, premiums payable to insurance companies and accrued expenses and other current liabilities, approximate their fair values because of the short maturity and liquidity of those instruments.

**Concentrations**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. The Company manages this risk by using high credit worthy financial institutions. Interest-bearing accounts and noninterest-bearing accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to $250,000. Deposits exceed amounts insured by the FDIC. The Company has not experienced any losses from its deposits.

For the year ended December 31, 2020, one Insurance Company Partner accounted for approximately 13% of the Company’s total core commissions. For the year ended December 31, 2019, two Insurance Company Partners accounted for approximately 14% and 10% of the Company’s total core commissions. There were no concentrations for the year ended December 31, 2021.

**3. Reorganization Transactions**

In connection with the Initial Public Offering, BRP Group and BRP entered into the Reorganization Transactions as follows:

- BRP amended and restated its amended and restated limited liability company agreement (the “Amended LLC Agreement”) to, among other things, appoint BRP Group as the sole managing member of BRP and to modify BRP’s capital structure to reclassify all the equity interests into a single class of LLC units (the “LLC Units”);
- as sole managing member of BRP, BRP Group consolidates the financial results of BRP and a portion of the net income is allocated to the noncontrolling interest to reflect the entitlement of the owners of BRP’s outstanding equity interests (“BRP’s LLC Members”) to a portion of BRP’s net income;
- through a series of internal transactions, BRP issued LLC Units to equity holders of companies it has acquired (its “Partners”) (other than certain joint ventures) in exchange for all the equity interests in such Partners not held by BRP prior to such exchange;
- BRP Group’s certificate of incorporation authorized the issuance of two classes of common stock including Class A common stock and Class B common stock, each of which entitles its holder to one vote per share on all matters submitted to a vote of the stockholders;
- each of the owners of BRP LLC Units prior to the Initial Public Offering (the “Pre-IPO LLC Members”) was issued shares of BRP Group’s Class B common stock in an amount equal to the number of LLC Units held by each such member following the reclassification of the equity interest into LLC Units;
- under the Amended LLC Agreement, BRP’s LLC Members have the right to require BRP to redeem all or a portion of their LLC Units for, at BRP Group’s election, newly-issued shares of Class A common stock on a one-for-one basis or a cash payment;
- BRP Group and BRP’s members entered into the Stockholders Agreement, which provides that approval by BRP’s LLC Members is required for certain corporate actions;

- BRP Group used the net proceeds from the Initial Public Offering to acquire 14,000,000 newly-issued LLC Units from Baldwin Risk Partners, LLC, 1,800,000 LLC Units from Lowry Baldwin, the Company's Chairman, and 600,000 LLC Units from The Villages Invesco, LLC ("Villages Invesco"), one of our significant shareholders, at a purchase price per LLC Unit equal to the initial public offering price of Class A common stock after underwriting discounts and commissions; and
- BRP Group entered into the Tax Receivable Agreement, which provides for payment by BRP Group to BRP's LLC Members of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that BRP Group actually realizes.

In connection with the Initial Public Offering, BRP Group issued one share of Class B common stock to Pre-IPO LLC Members for each LLC Unit held by such BRP LLC Members. BRP Group intends to issue one share of Class B common stock for each LLC Unit that BRP issues. The Class B common stock can be exchanged (together with a corresponding number of LLC Units) for shares of Class A common stock on a one-for-one basis, subject to certain restrictions, and the shares of Class B common stock will be canceled on a one-for-one basis with the redemption or exchange. As a result, the number of shares of Class B common stock will continue to increase with each Partnership in which we issue a noncontrolling interest, which will dilute the ownership interest of the Company's Class A common stockholders.

In conjunction with the Reorganization Transactions, BRP issued LLC Units to equity holders of its Partners (other than certain joint ventures) in exchange for all of the equity interests in such Partners not held by BRP prior to such exchange. In each of the Partner operating agreements, BRP held a right to acquire the equity interests of the Partners of the underlying subsidiaries. Acquisition of the Partners' equity interests was recorded in accordance with Topic 810. Previously redeemable Voting Common Units were replaced with LLC Units that do not contain a similar redemption provision while certain redeemable noncontrolling interests remain redeemable subsequent to the conversion.

The following is a description of the transactions to convert the Company's obligations related to its advisor incentive agreements and Participation Plan to shares of Class A common stock.

- The Company exchanged $2.2 million of its obligation related to advisor incentive liabilities for 204,807 restricted shares of Class A common stock issued under the Company's Omnibus Incentive Plan. The Company established stockholder notes receivable of $0.5 million for the remaining deposit buy-in amounts due from the advisors and relieved advisor incentive liabilities for $2.2 million with an offset to additional paid-in capital of $2.6 million.
- The Company's obligation under the Participation Plan of $0.3 million was exchanged for 22,243 restricted shares of Class A common stock issued under the Company's Omnibus Incentive Plan, which resulted in an offset to additional paid-in capital of $(0.3) million.

The following is a description of the transactions to convert LLC Units held by each of the Pre-IPO LLC Members to shares of Class B common stock in an amount equal to the number of LLC Units held by each such member following the reclassification of the equity interest into LLC Units.

- The Company executed its call rights for the Voting Common Units of two minority founders, a component of redeemable members' capital prior to the reorganization, which were converted into permanent equity consisting of 5,701,107 shares of Class B common stock and LLC Units.
- The Company executed its call rights for the Villages Voting Common Units, a component of redeemable members' capital prior to the reorganization, which were converted into permanent equity consisting of 3,077,559 shares of Class B common stock and LLC Units.
- The Company executed its call rights for the Rollover Members' Units, which comprised redeemable noncontrolling interest prior to the reorganization, which were converted into 9,615,911 shares of Class B common stock and LLC Units.
- Voting Common Units held by the majority founder, which comprised members' equity prior to the reorganization, were converted into 18,933,907 shares of Class B common stock and LLC Units.
- The Non-Voting Common Units, which comprised noncontrolling interest prior to the reorganization, were converted into permanent equity consisting of 232,596 shares of Class B common stock and LLC Units.
- Management Incentive Units were converted to 5,627,155 restricted shares of Class B common stock and LLC Units.

### 4. Business Combinations

The Company completed 16 business combinations for an aggregate purchase price of $1.1 billion during the year ended December 31, 2021. In accordance with ASC Topic 805, *Business Combinations* ("Topic 805"), total consideration was first allocated to the fair value of assets acquired and liabilities assumed, with the excess being recorded as goodwill. Goodwill is not amortized for financial statement purposes, but rather is evaluated for impairment at least annually or more frequently if an event occurs that indicates goodwill may be impaired. Goodwill is deductible for tax purposes and will be amortized over a period of 15 years.

The recorded purchase price for many business combinations includes an estimation of the fair value of continent consideration obligations associated with potential earnout provisions, which are generally based on revenue. The contingent earnout consideration identified in the tables below are measured at fair value within Level 3 of the fair value hierarchy as discussed further in Note 20. Any subsequent changes in the fair value of contingent earnout liabilities will be recorded in the consolidated statements of comprehensive loss when incurred.

The recorded purchase price for many business combinations also includes an estimation of the fair value of equity interests, which is calculated based on the value of the Company's Class A common stock on the closing date taking into account a discount for lack of marketability. Any equity interests granted in shares of Class B common stock also include an upward adjustment for the cash flow associated with the Tax Receivable Agreement.

The Company completed the following business combinations during the year ended December 31, 2021:

- LeaseTrack Services LLC and Effective Coverage LLC (collectively, "LeaseTrack"), a Specialty Partner effective February 1, 2021, provides a complementary service offering to the MGA of the Future's Master Tenant product for property managers and distribution partners.
- Riley Financial, Inc. (operating as "Medicare Help Now"), a Medicare Partner effective March 1, 2021, further bolsters the Company's Medicare business presence in the Pacific Northwest.
- Tim Altman, Inc. (operating as "Only Medicare Solutions"), a Medicare Partner effective April 1, 2021, expands the Company's Pacific Northwest Medicare Advantage presence.
- Seniors' Insurance Services of Washington, Inc. ("Seniors' Insurance Services"), a Medicare Partner effective April 30, 2021, strengthens and expands the Company's Medicare presence in the Pacific Northwest.
- Mid-Continent Companies, Ltd. and Mid-Continent Securities Ltd. (collectively, "Mid-Continent"), a Middle Market Partner effective April 30, 2021, expands the Company's capabilities and Middle Market presence in Texas.
- RogersGray Inc. and Breakwater Brokerage, LLC, collectively, a Middle Market Partner, and Monomoy Insurance Group, LLC, a Specialty Partner (collectively, "RogersGray"), effective July 1, 2021, enhances and further expands the Company's geographic footprint and product offerings in New England and the broader Northeast region.
- EBSME, LLC ("EBSME"), a Middle Market Partner effective July 30, 2021, expands employee benefits service offerings to the Company's Middle Market clients.
- FounderShield LLC, AlphaRoot LLC, ReShield LLC, and Scale Underwriting Services LLC (collectively, "FounderShield"), a Specialty Partner effective August 2, 2021, brings to BRP Group unique expertise for rapidly-scaling companies in numerous high-growth industry verticals across the Technology & Fintech, Life Sciences and Emerging Markets sectors.
- TCG Financial Holding Company, LLC and certain of its subsidiaries (collectively, "The Capital Group"), a Middle Market Partner effective August 2, 2021, adds scale and density in the critical D.C. Metro region.
- River Oak Risk, LLC and River Oak Risk Holdings, LLC (collectively "River Oak Risk"), a Specialty Partner effective August 4, 2021, expands the Company's captive risk solutions for its Middle Market and Specialty clients.
- White Hill Plaza, Inc. (operating as "K&S Insurance Agency"), a Middle Market Partner effective October 1, 2021, expands the Company's presence in Texas and brings expertise in the construction industry.
- Jacobson, Goldfarb & Scott, Inc. and certain of its subsidiaries (collectively, "JGS"), a Middle Market and Specialty Partner effective October 1, 2021, expands the Company's Middle Market practice expertise in key markets and industries, including Habitational Real Estate, Construction and Manufacturing & Distribution and expands our Specialty Programs business with a focus on the real estate sector.
- Wood Guttman & Bogart Insurance Brokers and certain of its affiliates and related entities (collectively, "WGB"), a Middle Market Partner effective December 1, 2021, adds scale to the Company's West Coast operations.

- Construction Risk Partners, LLC ("CRP") a Middle Market Partner effective December 1, 2021, enhances BRP Group’s position and influence within the Construction marketplace.
- Brush Creek, LLC ("Brush Creek Partners"), a Middle Market Partner effective December 7, 2021, strengthens the Company's expertise in the Cyber and Technology, Venture Capital, Private Equity, and Construction industries.
- Arcana Insurance Services, LP ("Arcana") a Specialty Partner effective December 7, 2021, will bring unique product capabilities in the single-family real estate market to the Company.

The operating results of these business combinations have been included in the consolidated statements of comprehensive loss since their respective acquisition dates. The Company recognized total revenues and net income from its business combinations of $61.0 million and $2.8 million, respectively, for the year ended December 31, 2021.

Acquisition-related costs incurred in connection with these business combinations are recorded in operating expenses in the consolidated statements of comprehensive loss. The Company incurred acquisition-related costs from its business combinations of $5.9 million for the year ended December 31, 2021.

Due to the complexity of valuing the consideration paid and the purchase price allocation and the timing of these activities, certain amounts included in the consolidated financial statements may be provisional and subject to additional adjustments within the measurement period as permitted by Topic 805. Specifically, the Company's valuations of premiums, commissions and fees receivable in accordance with Topic 606 are estimates subject to change based on relevant factors over the policy period. The Company also assesses the fair value of purchased customer accounts, distributor relationships, and carrier relationships by comparison of a reasonable multiple applied to either the corresponding commissions and fees or EBITDA in addition to considering the estimated future cash flows expected to be received over the estimated future renewal periods of the insurance policies comprising the intangible assets through the use of recognized income approach valuation methods. The valuation of these intangible assets involves significant assumptions concerning matters such as revenue and expense growth rates, customer attrition rates and discount rates. Any changes in these assumptions could affect the carrying value of the intangible assets. Software and trade names are also recorded based on the estimated fair value of the acquired technology or trade name. Accordingly, these assets are subject to measurement period adjustments as determined after the passage of time. Any measurement period adjustments related to prior period business combinations are reflected as current period adjustments in accordance with Topic 805. Refer to Note 10 for information regarding measurement period adjustments recorded during the year ended December 31, 2021.

The table below provides a summary of the total consideration and the estimated purchase price allocations made for each of the business acquisitions that became effective during the year ended December 31, 2021.

| (in thousands) | Rogers-Gray | Founder Shield | The Capital Group | K&S Insurance Agency | JGS | WGB | CRP | All Others[1] | Totals |
|---|---|---|---|---|---|---|---|---|---|
| Cash consideration paid | $ 135,135 | $ 20,863 | $ 28,558 | $ 79,861 | $ 155,513 | $ 101,077 | $ 131,908 | $ 64,373 | $ 717,288 |
| Fair value of contingent earnout consideration | 18,976 | 18,033 | 10,006 | 11,273 | 19,573 | 14,371 | 17,852 | 17,261 | 127,345 |
| Fair value of equity interest | 39,765 | 14,624 | 13,393 | 24,826 | 44,385 | 22,553 | 24,179 | 10,882 | 194,607 |
| Deferred payment | 1,608 | 2,985 | 10,336 | 22 | 193 | 1,274 | 1,830 | 4,747 | 22,995 |
| Total consideration | $ 195,484 | $ 56,505 | $ 62,293 | $ 115,982 | $ 219,664 | $ 139,275 | $ 175,769 | $ 97,263 | $ 1,062,235 |
| | | | | | | | | | |
| Cash | $ 2,674 | $ 221 | $ 613 | $ 2,217 | $ 335 | $ 385 | $ 848 | $ 4,437 | $ 11,730 |
| Restricted cash | 4,211 | 3,199 | — | — | 6,996 | 1,297 | 19,188 | 162 | 35,053 |
| Premiums, commissions and fees receivable | 9,713 | 3,810 | 3,940 | 5,867 | 12,564 | 13,785 | 67,514 | 4,187 | 121,380 |
| Property and equipment | 1,324 | — | — | — | 1,431 | 1,034 | 203 | 43 | 4,035 |
| Other assets | 589 | 52 | — | — | 282 | 1,657 | — | 41 | 2,621 |
| Intangible assets | 76,169 | 9,402 | 26,399 | 53,750 | 86,078 | 72,619 | 82,053 | 32,908 | 439,378 |
| Goodwill | 109,145 | 45,810 | 32,251 | 59,146 | 126,696 | 58,569 | 85,664 | 62,164 | 579,445 |
| Total assets acquired | 203,825 | 62,494 | 63,203 | 120,980 | 234,382 | 149,346 | 255,470 | 103,942 | 1,193,642 |
| Premiums payable to insurance companies | (5,898) | (5,831) | — | (4,209) | (12,336) | — | (75,133) | (4,511) | (107,918) |
| Producer commissions payable | (749) | — | (906) | (774) | (481) | (3,369) | (17) | (555) | (6,851) |
| Accrued expenses and other current liabilities | (1,694) | (158) | (4) | (15) | (1,901) | (6,702) | (4,551) | (1,613) | (16,638) |
| Total liabilities acquired | (8,341) | (5,989) | (910) | (4,998) | (14,718) | (10,071) | (79,701) | (6,679) | (131,407) |
| Net assets acquired | $ 195,484 | $ 56,505 | $ 62,293 | $ 115,982 | $ 219,664 | $ 139,275 | $ 175,769 | $ 97,263 | $ 1,062,235 |
| | | | | | | | | | |
| Maximum potential contingent earnout consideration | $ 72,446 | $ 77,554 | $ 29,888 | $ 51,426 | $ 91,425 | $ 49,628 | $ 99,455 | $ 73,338 | $ 545,160 |

(1) The "All Others" column includes amounts for the LeaseTrack, Medicare Help Now, Only Medicare Solutions, Seniors' Insurance Services, Mid-Continent, EBSME, River Oak Risk, Brush Creek Partners and Arcana business combinations.

The factors contributing to the recognition of the amount of goodwill are based on expanding business presence into new geographic locations and service markets, strategic benefits that are expected to be realized from acquiring the Partners' assembled workforce and technology, in addition to other synergies gained from integrating the Partners' operations into our consolidated structure.

The intangible assets acquired in connection with business combinations during the year ended December 31, 2021 have an estimated weighted-average life as follows:

| (in thousands) | Amount | Weighted-Average Life |
|---|---|---|
| Purchased customer accounts | 350,313 | 19.4 years |
| Distributor relationships | 68,241 | 20.0 years |
| Software | 10,918 | 4.6 years |
| Trade names | 9,906 | 5.0 years |

The following unaudited pro forma consolidated results of operations are provided for illustrative purposes only and have been presented as if the acquisitions of LeaseTrack, Medicare Help Now, Only Medicare Solutions, Seniors' Insurance Services, Mid-Continent, RogersGray, EBSME, FounderShield, The Capital Group, River Oak Risk, K&S Insurance Agency, JGS, WGB, CRP, Brush Creek Partners and Arcana occurred on January 1, 2020. This unaudited pro forma information should not be relied upon as being indicative of the historical results that would have been obtained if the acquisitions had occurred on that date, nor of the results that may be obtained in the future.

| (unaudited) (in thousands, except per share data) | For the Years Ended December 31, 2021 | 2020 |
|---|---|---|
| Pro forma results: | | |
| Total revenues | $ 719,320 | $ 429,953 |
| Net loss | (34,667) | (34,907) |
| Net loss attributable to BRP Group, Inc. | (19,147) | (17,613) |
| | | |
| Basic and diluted loss per share | $ (0.40) | (0.62) |
| Weighted-average shares of Class A common stock outstanding - basic and diluted | 48,222 | 28,225 |

(1) Reflects annual GAAP revenue/net loss, plus revenue/net income (loss) from Partnerships in the unowned portion of the period based on a quality of earnings review and not an audit, in each case, at the time the due diligence was conducted and may not include full revenue run rate for partial period impacts in the quality of earnings review and revenue growth between the quality of earnings review and the period close date, which may be three to six months delayed.

## 5. 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, at December 31, 2021 and 2020, include Laureate Insurance Partners, LLC (“Laureate”), BKS Smith, LLC (“Smith”), BKS MS, LLC (“Saunders”) and BKS Partners Galati Marine Solutions, LLC (“Galati”). The Company has consolidated its VIEs into the consolidated financial statements.

Total revenues and expenses of the Company’s consolidated VIEs included in the consolidated statements of comprehensive loss were $1.0 million and $0.6 million, respectively, for the year ended December 31, 2021, $0.8 million and $0.7 million, respectively, for the year ended December 31, 2020, and $0.6 million and $0.7 million, respectively, for the year ended December 31, 2019.

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.

**6. Revenue**

The following table provides disaggregated commissions and fees revenue by major source:

| (in thousands) | For the Years Ended December 31, 2021 | 2020 | 2019 |
|---|---|---|---|
| Direct bill revenue (1) | $ 269,603 | $ 104,875 | $ 70,835 |
| Agency bill revenue (2) | 202,892 | 91,662 | 43,619 |
| Profit-sharing revenue (3) | 37,392 | 16,397 | 9,598 |
| Consulting and service fee revenue (4) | 29,047 | 3,509 | 2,709 |
| Policy fee and installment fee revenue (5) | 19,858 | 15,236 | 8,154 |
| Other income (6) | 8,498 | 9,240 | 2,926 |
| Total commissions and fees | $ 567,290 | $ 240,919 | $ 137,841 |

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(1) Direct bill revenue represents commission revenue earned by facilitating the arrangement between individuals or businesses and Insurance Company Partners to provide insurance placement services to Clients, primarily for private risk management, commercial risk management, employee benefits and Medicare insurance types.
(2) Agency bill revenue primarily represents commission revenue earned by facilitating the arrangement between individuals or businesses and Insurance Company Partners to provide insurance placement services to Clients. The Company acts as an agent on behalf of the Client for the term of the insurance policy.
(3) Profit-sharing revenue represents bonus-type revenue that is earned by the Company as a sales incentive provided by certain Insurance Company Partners.
(4) Service fee revenue is earned by receiving negotiated fees in lieu of a commission and consulting revenue is earned by providing specialty insurance consulting.
(5) Policy fee revenue represents revenue earned for acting in the capacity of an MGA on behalf of the Insurance Company Partner and fulfilling certain services 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 the Insurance Company Partner related to policy premiums paid on an installment basis.
(6) Other income consists of Medicare marketing income that is based on agreed-upon cost reimbursement for fulfilling specific targeted marketing campaigns in addition to other ancillary income and premium financing income generated across all Operating Groups.

The application of 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 contracts in its Medicare operating segment, where the Insurance Company Partner is considered its customer.
- Contracts in the Medicare operating segment are multi-year arrangements in which BRP is entitled to renewal commissions. However, the Company has applied a constraint to renewal commission that limits revenue recognized on new policies to the policy year in effect, and revenue recognized on renewed policies to the receipt of periodic cash, when a risk of significant reversals exists based on: (i) insufficient history; 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 (CMS).
- The Company recognizes separately contracted commissions revenue at the effective date of insurance placement and considers any ongoing interaction with the customer to be insignificant in the context of the contract.
- Variable consideration includes estimates of direct bill commissions, a reserve for policy cancellations and an estimate of profit-sharing income.
- Costs to obtain a contract are deferred and recognized over five years, which represents management's estimate of the average period over which a Client maintains its initial coverage relationship with the original Insurance Company Partner.
- 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.

## 7. Contract Assets and Liabilities

Contract assets arise when the Company recognizes revenue for amounts which have not yet been billed and 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 consolidated balance sheets. The balances of contract assets and liabilities arising from contracts with customers were as follows:

| | December 31, | |
|---|---|---|
| **(in thousands)** | **2021** | **2020** |
| Contract assets | $ 168,550 | $ 80,213 |
| Contract liabilities | 18,178 | 11,606 |

Contract assets and contract liabilities related to 2021 business combinations comprised $26.0 million and $3.9 million, respectively, at December 31, 2021. During the year ended December 31, 2021, the Company recognized revenue of $11.6 million related to the contract liabilities balance at December 31, 2020.

## 8. 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 period over which a Client maintains its initial coverage relationship with the original Insurance Company Partner. Deferred commission expense represents employee commissions that are capitalized and not yet expensed and are included as a component of other assets on the balance sheets. The table below provides a rollforward of deferred commission expense:

| | For the Years Ended December 31, | |
|---|---|---|
| **(in thousands)** | **2021** | **2020** |
| Balance at beginning of year | $ 4,751 | $ 3,621 |
| Costs capitalized | 8,812 | 2,528 |
| Amortization | (2,227) | (1,398) |
| Balance at end of year | $ 11,336 | $ 4,751 |

## 9. Property and Equipment, Net

Property and equipment, net consists of the following:

| | December 31, | |
|---|---|---|
| **(in thousands)** | **2021** | **2020** |
| Leasehold improvements | $ 7,967 | $ 5,297 |
| Office and computer equipment | 9,151 | 4,263 |
| Furniture | 3,970 | 2,845 |
| Building | 400 | 400 |
| Website development | 184 | 16 |
| Land | 100 | 100 |
| Construction in process | — | 83 |
| Total property and equipment | 21,772 | 13,004 |
| Accumulated depreciation | (4,298) | (1,985) |
| Property and equipment, net | $ 17,474 | $ 11,019 |

Depreciation expense recorded for property and equipment was $2.8 million, $1.1 million, and $0.5 million for the years ended December 31, 2021, 2020 and 2019, respectively.

### 10. Intangible Assets, Net and Goodwill

The Company recognizes certain separately identifiable intangible assets acquired in connection with business combinations and asset acquisitions. The Company had certain transactions that were accounted for as asset acquisitions during each of the years ended December 31, 2021 and 2020 in which substantially all the fair value of the gross assets acquired of $4.2 million and $2.4 million, respectively, was concentrated in purchased customer accounts. Refer to Note 4 for a summary of intangible assets acquired in connection with business combinations during the years ended December 31, 2021 and 2020. Intangible assets consist of the following:

| | December 31, 2021 | | | December 31, 2020 | | |
|---|---|---|---|---|---|---|
| (in thousands) | Gross Carrying Value | Accumulated Amortization | Net Carrying Value | Gross Carrying Value | Accumulated Amortization | Net Carrying Value |
| Purchased customer accounts [1] | $ 851,445 | $ (54,481) | $ 796,964 | $ 501,512 | $ (18,604) | $ 482,908 |
| Distributor relationships | 100,621 | (3,814) | 96,807 | 32,380 | (1,377) | 31,003 |
| Software | 41,743 | (18,265) | 23,478 | 30,828 | (10,801) | 20,027 |
| Trade names [1] | 24,189 | (3,583) | 20,606 | 14,439 | (932) | 13,507 |
| Carrier relationships | 7,859 | (1,247) | 6,612 | 7,859 | (984) | 6,875 |
| Totals | $ 1,025,857 | $ (81,390) | $ 944,467 | $ 587,018 | $ (32,698) | $ 554,320 |

(1) During the year ended December 31, 2021, the Company recorded measurement period adjustments relating to certain businesses acquired in the fourth quarter of 2020, which decreased purchased customer accounts and trade names by $4.6 million and $0.2 million, respectively.

Amortization expense recorded for intangible assets was $48.7 million, $19.0 million, and $10.0 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Future annual estimated amortization expense over the next five years for intangible assets is as follows (in thousands):

| For the Years Ending December 31, | Amortization |
|---|---|
| 2022 | $ 70,174 |
| 2023 | 71,268 |
| 2024 | 67,213 |
| 2025 | 65,627 |
| 2026 | 60,788 |

Refer to Note 4 for a summary of goodwill recorded in connection with business combinations during the years ended December 31, 2021 and 2020. The changes in carrying value of goodwill by Operating Group for the periods are as follows:

| (in thousands) | Middle Market | Specialty | MainStreet | Medicare | Total |
|---|---|---|---|---|---|
| Balance at December 31, 2019 | $ 52,932 | $ 60,115 | $ 38,892 | $ 12,531 | $ 164,470 |
| Goodwill of acquired businesses | 473,926 | 5,204 | — | 7,902 | 487,032 |
| Balance at December 31, 2020 | 526,858 | 65,319 | 38,892 | 20,433 | 651,502 |
| Goodwill of acquired businesses | 376,475 | 198,699 | — | 4,271 | 579,445 |
| Measurement period adjustments [1] | (2,206) | — | — | — | (2,206) |
| Balance at December 31, 2021 | $ 901,127 | $ 264,018 | $ 38,892 | $ 24,704 | $ 1,228,741 |

(1) Measurement period adjustments relating to businesses acquired in the fourth quarter of 2020 decreased assets other than goodwill by $5.4 million, decreased liabilities by $5.1 million and decreased cash consideration by $2.5 million.

## 11. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

| | December 31, | |
|---|---|---|
| **(in thousands)** | **2021** | **2020** |
| Accrued compensation and benefits | $ 22,460 | $ 10,826 |
| Contract liabilities | 18,178 | 11,606 |
| Current portion of operating lease liabilities | 12,520 | — |
| Deferred consideration payments | 12,355 | 8,155 |
| Accrued expenses | 9,731 | 13,032 |
| Current portion of long-term debt | 8,521 | 4,000 |
| Tax distribution payable | 5,072 | — |
| Other | 3,386 | 3,871 |
| Accrued expenses and other current liabilities | $ 92,223 | $ 51,490 |

## 12. Long-Term Debt

On October 14, 2020, the Company entered into a credit agreement with JPMorgan Chase Bank, N.A to provide senior secured credit facilities in an aggregate principal amount of $800.0 million (the "JPM Credit Agreement"), which consisted of (i) a term loan facility in the principal amount of $400.0 million maturing October 14, 2027 (the “Existing Term Loan B”) and (ii) a revolving credit facility with commitments in an aggregate principal amount of $400.0 million maturing October 14, 2025 (the “Revolving Facility”). The Company used a portion of the proceeds from the Term Loan B to repay in full the Company’s obligations under the previous JPMorgan Credit Agreement and the related amendments (“Old JPMorgan Credit Agreement”) and concurrently terminated the Old JPMorgan Credit Agreement. The Company capitalized debt issuance costs related to the JPM Credit Agreement of $15.1 million during the year ended December 31, 2020.

The Existing Term Loan B accrued interest at LIBOR plus 400 bps with a LIBOR floor of 75 bps. Borrowings under the Revolving Facility accrue interest at LIBOR plus 200 bps to LIBOR plus 300 bps based on the total net leverage ratio.

On May 7, 2021, the Company entered into Amendment No. 1 to the JPM Credit Agreement, under which (a) the financial covenant requiring the Company to maintain a Total First Lien Net Leverage Ratio (as defined in the JPM Credit Agreement) at or below 5.00 to 1.00 was amended to increase such level to 6.00 to 1.00, and (b) the financial covenant requiring the Company to maintain a Debt Service Coverage Ratio (as defined in the JPM Credit Agreement) at or above 2.25 to 1.00 was removed.

On June 2, 2021, the Company entered into Amendment No. 2 to the JPM Credit Agreement to provide for a new senior secured first lien term loan facility in an aggregate principal amount of $500.0 million maturing in 2027 (the “New Term Loan B”). The Company used a portion of the proceeds from the New Term Loan B to repay in full the Company’s obligations under the Existing Term Loan B. The remaining terms of the New Term Loan B and the terms of the Revolving Facility remained relatively unchanged. The New Term Loan B bears interest at LIBOR plus 350 bps, subject to a LIBOR floor of 50 bps.

On August 6, 2021, the Company entered into Amendment No. 3 to the JPM Credit Agreement, under which the aggregate principal amount of the Revolving Facility was increased from $400.0 million to $475.0 million. The other terms of the Revolving Facility and the terms of the New Term Loan B remained unchanged.

On December 16, 2021, the Company entered into Amendment No. 4 to the JPM Credit Agreement to provide for a new senior secured first lien incremental term loan facility in an aggregate principal amount of $350.0 million (the “New Term Loans”), which represents an increase in the aggregate principal amount of its existing New Term Loan B from $500.0 million to $850.0 million. A portion of the proceeds of the New Term Loans were used to repay outstanding amounts under the Revolving Facility as of the closing date.

The Company incurred $12.7 million in debt issuance costs in connection with the aforementioned amendments during the year ended December 31, 2021.

The outstanding borrowings on the Revolving Facility of $35.0 million had an applicable interest rate of 2.10% at December 31, 2021. The Revolving Facility is also subject to a commitment fee of 0.25% on the unused capacity of $440.0 million at December 31, 2021. At December 31, 2021, the outstanding borrowings on the New Term Loans were $846.6 million and had an applicable interest rate of 4.00%. The JPM Credit Agreement is secured by substantially all assets of the Company.

The JPM Credit Agreement requires the Company to meet certain financial covenants and comply with customary affirmative and negative covenants as listed in the underlying agreement. The Company was in compliance with these covenants at December 31, 2021.

Future annual maturities of the Term Loan B are as follows as of December 31, 2021:

| (in thousands) | Amount |
|---|---|
| Payments for the years ending December 31, | |
| 2022 | $ 8,521 |
| 2023 | 8,521 |
| 2024 | 8,521 |
| 2025 | 8,521 |
| 2026 | 8,521 |
| Thereafter | 804,018 |
| Total long-term debt | 846,623 |
| Less: unamortized debt discount and issuance costs | (23,488) |
| Net long-term debt | $ 823,135 |

**Interest Rate Caps**

The Company entered into interest rate caps to mitigate its exposure to interest rate risk by limiting the impact of interest rate changes on cash flows. In March 2021, the Company executed three interest rate cap agreements, each with a notional amount of $300.0 million, which limit our interest rates by 0.75%, 1.50%, and 2.50%, expiring on March 10, 2022, March 10, 2024 and March 8, 2026, respectively. In August 2021, the Company executed two additional interest rate cap agreements, each with a notional amount of $100.0 million and interest rate cap of 3.00%, expiring on August 13, 2028. The interest rate caps are recorded at an aggregate fair value of $6.3 million at December 31, 2021 and are included as a component of other assets on the consolidated balance sheets. The Company recorded a fair value loss of $0.1 million related to the interest rate caps for the year ended December 31, 2021, which is included as a component of other income (expense), net in the consolidated statements of comprehensive loss.

**13. Leases**

The Company has operating leases relating to its facilities and office equipment with terms expiring though December 2030. Determination of whether a new contract is a lease is made at contract inception or at the modification date for a modified contract. The Company's operating leases may require fixed rental payments, variable lease payments based on usage or sales and fixed non-lease costs relating to the leased asset. Fixed non-lease costs such as common-area maintenance costs are included in the measurement of the right-of-use asset and lease liability as the Company does not separate lease and non-lease components. Variable lease payments are generally not included in the measurement of the right-of-use asset and lease liability and are recorded as lease expense in the period incurred. Short-term leases of 12 months or less are expensed in conjunction with the Company's short-term policy election.

The Company's operating leases may include renewal or termination options. Options to extend or terminate leases are excluded from balance sheet recognition until the options are reasonably certain to be exercised. The Company only included executed options to extend its leases in its calculation of ROU assets and lease liabilities at December 31, 2021.

Operating lease right-of-use assets and lease liabilities as of December 31, 2021 and January 1, 2021 (the date of adoption of Topic 842) were as follows:

| **(in thousands)** | **December 31, 2021** | **January 1, 2021** |
|---|---|---|
| Assets: | | |
| Right-of-use assets, operating, net | $ 81,646 | $ 55,643 |
| | | |
| Liabilities: | | |
| Operating lease liabilities, current portion | $ 12,520 | $ 7,668 |
| Operating lease liabilities, non-current | 71,357 | 48,699 |
| Total | $ 83,877 | $ 56,367 |

The components of the lease costs for the year ended December 31, 2021 were as follows:

| **(in thousands)** | **December 31, 2021** |
|---|---|
| Operating lease costs | $ 13,086 |
| Variable lease costs | 2,853 |

Total rent expense for operating leases under Topic 840 was $7.6 million and $4.2 million for the years ended December 31, 2020 and 2019, respectively.

Supplemental cash flow information relating to our leases for the year ended December 31, 2021 was as follows (in thousands):

| **(in thousands)** | **December 31, 2021** |
|---|---|
| Cash paid for amounts included in measurement of lease liabilities: | |
| Operating cash flows used in operating leases | $ 11,562 |
| | |
| Operating lease non-cash items: | |
| Right-of-use assets obtained in exchange for operating lease liabilities | $ 86,524 |
| Right-of-use assets increased through lease modifications and reassessments | 6,131 |

Weighted average remaining lease terms and discount rates at December 31, 2021 were as follows:

| **(in thousands)** | **December 31, 2021** |
|---|---|
| Operating Leases: | |
| Remaining lease term | 6.6 years |
| Discount rate | 3.6 % |

Future minimum lease payments under non-cancelable operating lease agreements at December 31, 2021 were as follows:

| (in thousands) | | Minimum Lease Payments |
|---|---|---|
| For the years ending December 31, | | |
| 2022 | $ | 15,285 |
| 2023 | | 14,134 |
| 2024 | | 13,862 |
| 2025 | | 12,556 |
| 2026 | | 11,017 |
| Thereafter | | 28,665 |
| Total minimum lease payments | | 95,519 |
| Less: amounts representing interest or imputed interest | | (11,642) |
| Present value of lease liabilities | $ | 83,877 |

Prior to adoption of Topic 842, future minimum lease payments under non-cancelable operating lease agreements as of December 31, 2020, which were undiscounted and excluded non-lease components were as follows (in thousands):

| (in thousands) | | Minimum Lease Payments |
|---|---|---|
| For the years ending December 31, | | |
| 2021 | $ | 11,128 |
| 2022 | | 9,477 |
| 2023 | | 8,121 |
| 2024 | | 7,489 |
| 2025 | | 6,535 |
| Thereafter | | 19,010 |
| Total minimum lease payments | $ | 61,760 |

## 14. Stockholders’ Equity and Noncontrolling Interest

### Capital Stock

BRP Group’s certificate of incorporation authorized capital stock consisting of 300 million shares of Class A common stock with a par value $0.01 per share, 100 million shares of Class B common stock with a par value of $0.0001 per share, and 50 million shares of preferred stock with a par value of $0.01 per share.

The following table shows a rollforward of our common stock outstanding since the Initial Public Offering:

| | Class A Common Stock | Class B Common Stock |
|---|---|---|
| Shares issued at October 28, 2019 | — | — |
| Shares issued to the public in the Initial Public Offering | 18,859,300 | — |
| Shares issued for the Voting Common Units of two minority founders | — | 5,701,107 |
| Shares issued in exchange for Villages Units | — | 3,077,559 |
| Shares issued in exchange for Rollover Members' Units | — | 9,615,911 |
| Shares issued for Majority Founder's Units | — | 18,933,907 |
| Shares issued for Non-Voting Common Units | — | 232,596 |
| Shares issued for Management Incentive Units | — | 5,627,155 |
| Restricted stock grants in connection with Initial Public Offering | 500,930 | — |
| Restricted stock grants subsequent to the Initial Public Offering | 2,754 | — |
| Shares issued to executive officer | — | 69,503 |
| Shares issued at December 31, 2019 | 19,362,984 | 43,257,738 |
| Shares issued to the public in follow-on offerings | 23,287,500 | — |
| Shares redeemed in connection with follow-on offerings | — | (4,091,667) |
| Shares issued in connection with Partnerships | 1,415,837 | 11,004,696 |
| Redemption of Class B shares of common stock for Class A shares | 253,599 | (253,599) |
| Restricted stock grants under Omnibus Plan, net of forfeitures and shares withheld for taxes | 633,246 | — |
| Shares repurchased | — | (88,785) |
| Shares issued at December 31, 2020 | 44,953,166 | 49,828,383 |
| Shares issued to the public in follow-on offerings | 9,200,000 | — |
| Shares issued in connection with Partnerships | 1,053,190 | 7,441,139 |
| Common stock and restricted stock grants under Incentive Plan, net of forfeitures and shares withheld for taxes | 1,558,694 | — |
| Common stock and restricted stock grants under Omnibus Plan, net of forfeitures and shares withheld for taxes | 906,338 | — |
| Redemption of Class B shares of common stock for Class A shares | 931,471 | (931,471) |
| Shares issued at December 31, 2021 | 58,602,859 | 56,338,051 |

***Class A Common Stock***

Shareholders of BRP Group's Class A common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors, although they do not have cumulative voting rights in the election of directors. Shareholders of Class A common stock are entitled to receive dividends when and if declared by our board of directors, subject to any restrictions on the payment of dividends.

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the shareholders of Class A common stock will be entitled to receive pro rata our remaining assets available for distribution.

***Class B Common Stock***

Each share of Class B common stock entitles the stockholder to one vote per share on all matters submitted to a vote of our stockholders. If at any time the ratio at which LLC Units are redeemable or exchangeable for shares of Class A common stock changes from one-for-one, the number of votes to which Class B common stockholders are entitled will be adjusted accordingly. Class B common stockholders will vote together with Class A common stockholders as a single class on all matters on which stockholders are entitled to vote generally, except as otherwise required by law. Class B common stockholders do not have cumulative voting rights in the election of directors.

The Class B common stock can be exchanged (together with a corresponding number of LLC Units) for shares of Class A common stock on a one-for-one basis, subject to certain restrictions, and the shares of Class B common stock will be canceled on a one-for-one basis with the redemption or exchange. Except for transfers to us pursuant to the Amended LLC Agreement or to certain permitted transferees, the holders of LLC Units are not permitted to sell, transfer or otherwise dispose of any LLC Units or shares of Class B common stock.

Class B common stockholders do not have any right to receive dividends or to receive a distribution upon a liquidation or winding up of BRP Group. Pursuant to the Stockholders Agreement, the approval of the Pre-IPO LLC Members, is required for substantially all transactions and other matters requiring approval by our stockholders, in addition to other matters such as changing the number of directors on the board, changing the jurisdiction of incorporation, changing the location of the Company’s headquarters, changing the name of the Company, amendments to governing documents, adopting a shareholder rights plan and any changes to the Company’s fiscal year or public accountants. Approval by the Pre-IPO LLC Members is required for any changes to the strategic direction or scope of BRP Group’s and BRP’s business and the hiring and termination of our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Partnership Officer or other change to senior management or key employees (including terms of compensation).

**Noncontrolling Interest**

In connection with the Initial Public Offering and the Reorganization Transactions, BRP Group became the sole managing member of BRP. As a result, BRP Group began consolidating BRP in its consolidated financial statements as of the closing date of the Initial Public Offering, resulting in a noncontrolling interest related to the LLC Units held by BRP’s members on its consolidated financial statements. Noncontrolling interest previously represented Partners’ equity interests in underlying subsidiaries. Refer to Note 3 for additional information regarding the Reorganization Transactions’ effect on equity.

Under the Amended LLC Agreement, BRP’s LLC Members have the right, from and after the completion of the Initial Public Offering (subject to the terms of the Amended LLC Agreement), to require BRP Group to redeem all or a portion of their LLC Units for, at BRP Group’s election, newly-issued shares of Class A common stock on a one-for-one basis or a cash payment equal to the volume weighted average market price of one share of BRP Group’s Class A common stock for each LLC Unit redeemed. Additionally, in the event of a redemption request by a BRP LLC Member, BRP Group may, at its option, effect a direct exchange of cash or Class A common stock for LLC Units in lieu of such a redemption. Shares of Class B common stock will be canceled on a one-for-one basis if BRP Group, at the election of a BRP LLC Member, redeems or exchanges LLC Units of such BRP LLC Member pursuant to the terms of the Amended LLC Agreement. Except for transfers to BRP Group pursuant to the Amended LLC Agreement or to certain permitted transferees, BRP’s LLC Members are not permitted to sell, transfer or otherwise dispose of any LLC Units or shares of Class B common stock.

The following table summarizes the ownership interest in BRP:

| | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| | Units | Percentage | Units | Percentage |
| Interest in BRP held by BRP Group | 58,602,859 | 51 % | 44,953,166 | 47 % |
| Noncontrolling interest in BRP held by BRP’s LLC Members | 56,338,051 | 49 % | 49,828,383 | 53 % |
| Total | 114,940,910 | 100 % | 94,781,549 | 100 % |

## 15. Related Party Transactions

Several of the Reorganization Transactions discussed previously in these notes to consolidated financial statements are related party transactions entered into between the Company and its equity holders and employees. Refer to Note 3 for additional information regarding the Reorganization Transactions. In addition, the Company has an advisor incentive liability with one of its Risk Advisors. Refer to Note 2 for additional information regarding this related party transaction.

### Due to/from Related Parties

Due to related parties totaling $1.7 million and $19,000 at December 31, 2021 and 2020, respectively, consists of amounts due to related party entities in connection with Partnerships for cash requirements.

In September 2021, the Company accelerated recognition of MSI's maximum contingent earnout and entered into notes payable agreements with each of MSI's shareholders for a combined principal amount of $61.5 million. The related party notes are payable in full on April 8, 2022.

### Related Party Debt

During April 2016, the Company entered into the Villages Credit Agreement, which provided for a $100.0 million non-revolving line of credit ("Related Party Debt") with Holding Company of the Villages, Inc. ("Villages"). The Related Party Debt required quarterly interest payments at a fixed rate per annum of 6.5% beginning July 1, 2016 and continuing on the first day of each calendar quarter thereafter until maturity on April 13, 2023. The agreement required that the Company issue Voting Common Units to Villages upon closing and concurrently with each additional advance made after the closing date. Advances on the Related Party Debt were to be made solely to finance permitted acquisitions or for general working capital purposes.

During March 2019, the Company amended and restated the Villages Credit Agreement, which (i) increased the principal borrowing amount of the Related Party Debt to $125.0 million, (ii) increased the interest rate to a fixed rate of 8.75% per annum, and (iii) changed the maturity date to September 13, 2024. As consideration for the increase in the interest rate, the Company was no longer required to issue additional Voting Common Units to Villages upon the closing of each additional advance.

On October 28, 2019, BRP used a portion of the proceeds it received from the sale of LLC Units to BRP Group in connection with the Initial Public Offering to repay in full the outstanding indebtedness and accrued interest under the Villages Credit Agreement in the amount of $89.0 million and concurrently terminated the Villages Credit Agreement. The Company recorded a loss on debt extinguishment of $6.2 million in connection therewith during the year ended December 31, 2019.

During the year ended December 31, 2019, the Company recorded interest expense to Villages of $4.9 million, related to quarterly interest payments.

### Commission Revenue

The Company serves as a broker for Villages. Commission revenue recorded as a result of these transactions was $1.8 million, $1.1 million and $1.3 million, for the years ended years ended December 31, 2021, 2020 and 2019, respectively.

The Company serves as a broker for certain entities in which a member of our board of directors has a material interest. Commission revenue recorded as a result of these transactions was $0.3 million, $0.5 million and $0.2 million for the years ended December 31, 2021, 2020 and 2019, respectively.

### Commissions Expense

Two brothers of Lowry Baldwin, our Board Chair, collectively received approximately $0.6 million from the Company in Risk Advisor commissions during each of the years ended December 31, 2021 and 2020.

### Rent Expense

The Company has various agreements to lease office space from wholly-owned subsidiaries of Villages. Rent expense ranges from approximately $3,000 to $28,000 per month, per lease. Lease agreements expire on various dates through November 30, 2025. Total rent expense incurred with respect to Villages and its wholly-owned subsidiaries was approximately $0.5 million for each of the years ended December 31, 2021, 2020 and 2019.

The Company has various agreements to lease office space from other related parties. Rent expense ranges from approximately $1,000 to $56,000 per month, per lease. Lease agreements expire on various dates through December 31, 2029. Total rent expense incurred with respect to related parties other than Villages was $2.5 million, $1.5 million and $0.8 million for the years ended December 31, 2021, 2020 and 2019, respectively.

## 16. Share-Based Compensation

### Omnibus Incentive Plan and Partnership Inducement Award Plan

On October 24, 2019, the Company adopted the BRP Group, Inc. Omnibus Incentive Plan (the “Omnibus Plan”) and on November 27, 2020, the Company adopted the BRP Group, Inc. Partnership Inducement Award Plan (the “Inducement Plan” and collectively, the "Plans") to motivate and reward employees (“Colleagues”) and other individuals to perform at the highest level and contribute significantly to the Company’s success, thereby furthering the best interests of BRP Group’s shareholders. The Plans permits the grant of stock options (both nonqualified and incentive stock options), stock appreciation rights (the “SARs”), restricted stock awards (“RSA”), restricted stock unit (“RSU”) awards, performance-based restricted stock unit (“PSU”) awards, and other performance awards, cash-based awards and share-based awards to the Company’s officers, employees, non-employee directors and consultants and advisors. Such awards may be for partial-year, annual or multi-year periods. Awards granted under the Inducement Plan require a minimum vesting period of one year.

The Omnibus Plan and Inducement Plan provide for the Company to make awards of 3,844,044 and 3,000,000 shares of Class A common stock, respectively, at December 31, 2021. Under the Omnibus Plan, the number of shares of Class A common stock reserved for issuance will increase automatically on the first day of each fiscal year by the lesser of (i) 2% of outstanding shares of Class A common stock and Class B common stock on the last day of the immediately preceding fiscal year and (ii) such number of shares as determined by BRP Group’s board of directors. In accordance therewith, the number of authorized shares of Class A common stock reserved for issuance under the Omnibus Plan increased by 2,298,818 shares at January 1, 2022.

The Plans are administered by the Compensation Committee, the members of which are independent members of the board of directors. Each contractual term of an award granted is fixed by the Compensation Committee, and except for limited circumstances, the term cannot exceed ten years from the grant date, and vesting is defined by the applicable award agreement. The aggregate value of all compensation paid to a non-employee director under the Omnibus Plan in any calendar year may not exceed $250,000.

At December 31, 2021, there were 1,111,870 and 680,991 shares underlying the Omnibus Plan and Inducement Plan, respectively, that were authorized, but not yet granted. The Company issues new shares of Class A common stock upon the exercise of stock options, the vesting of RSUs and performance shares and the grant of restricted stock awards. During the year ended December 31, 2021, the Company made awards of restricted stock, unrestricted stock and performance-based restricted stock units under the Plans to its non-employee directors and Colleagues. Performance-based restricted stock unit awards were issued under the Omnibus Plan in connection with the Long-Term Incentive Plan, which is discussed in further detail below. Shares of unrestricted stock issued to directors and executives during the year ended December 31, 2021 were vested upon issuance while restricted stock issued to Colleagues, Risk Advisors and executive officers generally either cliff vest after 4 years or vest ratably over 3 to 5 years.

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

| | Shares | Weighted-Average Grant-Date Fair Value Per Share |
|---|---|---|
| Outstanding at January 1, 2019 | — | — |
| Granted | 503,684 | $ 14.00 |
| Vested and settled | (173,440) | 13.99 |
| Outstanding at December 31, 2019 | 330,244 | 14.00 |
| Granted | 709,426 | 15.79 |
| Vested and settled | (175,372) | 12.09 |
| Forfeited | (38,271) | 14.40 |
| Outstanding at December 31, 2020 | 826,027 | 15.92 |
| Granted | 2,758,207 | 31.72 |
| Vested and settled | (279,494) | 21.33 |
| Forfeited | (89,009) | 22.25 |
| Outstanding at December 31, 2021 | 3,215,731 | 28.83 |
| Non-vested shares expected to vest as of December 31, 2021 | 2,533,446 | 28.80 |

The total fair value of shares that vested and settled during the years ended December 31, 2021, 2020 and 2019 was $6.0 million, $2.1 million, and $2.4 million, respectively. Non-vested awards outstanding at December 31, 2021 include 95,822 performance-based restricted stock units expected to vest, which have an aggregate intrinsic value of $3.5 million and a weighted-average remaining contractual term of 2.2 years.

Share-based compensation includes expense recognized for management incentive units and advisor incentives, in addition to issuances under the Plans. The Company recognizes share-based compensation expense for the Plans net of actual forfeitures. The Company recorded share-based compensation expense of $19.2 million, $7.7 million, and $4.6 million in connection with the Plans for the years ended December 31, 2021, 2020 and 2019, respectively, which is included in commissions, employee compensation and benefits expense on the consolidated statements of comprehensive loss. The compensation expense recorded for the year ended December 31, 2019 includes $1.1 million associated with certain awards for which the vesting was accelerated in connection with the successful Initial Public Offering. The Company had $75.3 million of total unrecognized compensation cost related to unvested shares at December 31, 2021, which is expected to be recognized over a weighted-average period of 3.0 years.

***Long-Term Incentive Plan***

On May 3, 2021, the Company's Compensation Committee approved a new form of performance-based restricted stock unit award agreement (the "Form PSU Award Agreement") under the Company's Omnibus Plan in connection with the granting of performance-based restricted stock unit awards to its executive officers. The Form PSU Award Agreement provides for the granting of PSUs which generally vest in the quarter following the end of a performance period of three years. The number of PSUs, if any, that will be earned pursuant to a PSU award will depend on the level of performance achieved with respect to applicable performance goals during the performance period.

On May 3, 2021, the Compensation Committee awarded the Company's executive officers incentive compensation awards of (i) PSUs with an aggregate target grant date value of $3.1 million and (ii) restricted stock with an aggregate grant date value of $1.0 million. The restricted stock will vest in equal annual installments over five years, with the first installment vesting on March 15, 2022. The incentive compensation awards have an aggregate maximum value of $8.8 million.

The fair value of the PSUs was estimated on the grant date using a Monte Carlo analysis to model the value of the PSUs using the following assumptions. Expected volatility between 18% and 172% is based on the 1-year historical volatility of a peer group and other companies that are publicly traded within the Russell 3000 Index. The risk-free interest rate of 0.27% is based on the U.S. Treasury rate in effect at the time of the grant. Expected term of 2.7 years is based on the actual term of the awards.

### Management Incentive Units

Management Incentive Units ("MIUs") were non-voting units issued to certain senior management. In conjunction with the Reorganization Transactions further detailed in Note 3, MIUs were converted to 5,627,155 restricted shares of Class B common stock and LLC Units, which contain identical vesting conditions to the original MIU issuances. Issuances can vest subject to vesting terms according to time-based benchmarks or performance-based benchmarks that vary between issuance. MIUs are forfeited if certain vesting provisions are not met. Certain MIUs participate in distributions from the date of issuance while other MIUs were issued at a profits interest and therefore only participate in distributions in the event of liquidation. For the MIUs that management deem not probable of vesting, no share-based compensation expense is recorded.

There were 2,504,341 Class B shares related to the MIU Plan that were fully vested upon issuance, another 1,165,586 shares vested by December 31, 2019, and 609,500 and 467,237 shares vested during the years ended December 31, 2020 and 2021, respectively.

The following table summarizes the number of non-vested shares of Class B common stock related to the MIU Plan that are expected to vest in each of the following years:

| For the Years Ending December 31, | Class B Shares |
|---|---|
| 2022 | 450,744 |
| 2023 | 429,747 |

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

| | Shares | Weighted-Average Grant-Date Fair Value Per Share | Weighted-Average Contractual Term (in years) |
|---|---|---|---|
| Outstanding at January 1, 2019 | 720,180 | $ 3.15 | 1.90 |
| Granted | 475,900 | 7.34 | |
| Forfeited | (40,000) | 2.97 | |
| Exchanged for options | (10,000) | 2.97 | |
| Exchanged for Class B common stock | (1,146,080) | 4.90 | |
| Outstanding at December 31, 2019 | — | — | — |

#### *Valuation Assumptions*

The fair value of each time-based and performance-based MIUs is estimated on the grant date using the Black-Scholes Model using the assumptions noted in the following table. Expected volatility is based on the historical volatility of a peer group of public and private companies. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant. The assumptions noted in the table below represent the weighted average of each assumption for each grant during the year.

| | For the Year Ended December 31, 2019 |
|---|---|
| Expected volatility | 26.1 % |
| Expected dividend yield | 0.2 % |
| Expected life (in years) | 7.0 |
| Risk-free interest rate | 3.1 % |

For certain MIUs granted in May and September 2019, the individuals are not entitled to dividends and therefore, an estimated dividend yield rate of 1.2% and 1.4%, respectively, was applied as management's best estimate of future dividends based on projections and industry data.

## 17. Retirement Plan

The Company sponsors a 401(k) retirement plan for Colleagues who meet specific age and service requirements. This plan allows for participants to make salary deferral contributions. Employer matching and profit-sharing contributions to this plan are discretionary. Company contributions were $5.1 million, $1.3 million and $0.7 million for the years ended December 31, 2021, 2020 and 2019, respectively.

## 18. Income Taxes

As a result of the Initial Public Offering and the Reorganization Transactions, BRP Group became the sole managing member of BRP, which is treated as a partnership for U.S. federal, state and local income tax purposes. As a partnership, BRP is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by BRP is passed through to and included in the taxable income or loss of its partners, including BRP Group, on a pro rata basis. BRP Group is subject to U.S. federal income taxes, in addition to state and local income taxes, with respect to BRP Group's allocable share of income of BRP.

As the Initial Public Offering occurred during the year ended December 31, 2019, and BRP Group had no business transactions or activities prior to the Initial Public Offering, no amounts related to the provision for income taxes were incurred for the period from January 1, 2019 to October 27, 2019.

Components of income tax expense (benefit) include the following:

| | For the Years Ended December 31, | | |
|---|---|---|---|
| **(in thousands)** | **2021** | **2020** | **2019** |
| Current | | | |
| Federal | $ 11 | $ — | $ 13 |
| State and local | 3 | — | 4 |
| Total tax expense (benefit) | $ 14 | $ — | $ 17 |
| | | | |
| Deferred | | | |
| Federal | $ 4 | $ (4) | $ — |
| State and local | 1 | (1) | — |
| Total deferred income tax benefit | 5 | (5) | — |
| Total tax expense (benefit) | $ 19 | $ (5) | $ 17 |

Income tax expense (benefit) at the Company's effective tax rate differed from the statutory tax rate as follows:

| | For the Years Ended December 31, | | |
|---|---|---|---|
| **(in thousands)** | **2021** | **2020** | **2019** |
| Loss before income taxes | $ (58,101) | $ (29,890) | $ (22,437) |
| | | | |
| Noncontrolling interest | 7,072 | 4,415 | 3,138 |
| Tax provision at statutory rate (21%) | (12,201) | (6,280) | (4,712) |
| Effect of: | | | |
| Valuation allowance | 6,942 | 3,383 | 2,228 |
| State and local income tax | (2,403) | (1,215) | (1,064) |
| Share-based compensation | (467) | (175) | — |
| MIU issuance | 452 | 22 | 328 |
| IRC 162(m) | 435 | — | — |
| Meals and entertainment | 86 | 110 | 79 |
| State rate change | (12) | (206) | — |
| True-up and adjustments | 3 | (157) | — |
| Other | 112 | 98 | 20 |
| Total income tax expense (benefit) | $ 19 | $ (5) | $ 17 |

The following table summarizes the components of deferred tax assets and liabilities:

| | December 31, | |
|---|---|---|
| (in thousands) | 2021 | 2020 |
| Deferred tax assets | | |
| Investment in Partnerships | $ 75,368 | $ 50,364 |
| Net operating loss | 6,018 | 2,216 |
| Capitalized transaction costs | 2,304 | 2,477 |
| Charitable contributions | 143 | — |
| 163(j) limitation carryforward | 38 | — |
| Total deferred tax assets | 83,871 | 55,057 |
| Valuation allowance | (83,871) | (55,057) |
| Net deferred tax assets | $ — | $ — |

Deferred tax balances reflect the impact of temporary differences between the carrying amount of assets and liabilities and their tax basis and are stated at the tax rates in effect when the temporary differences are expected to be recovered or settled. The Company assessed the future realization of the tax benefit of its existing deferred tax assets and concluded that it is more likely than not that all of the deferred tax assets will not be realized in the future. As a result, the Company recorded a valuation allowance of $83.9 million and $55.1 million against its deferred tax assets at December 31, 2021 and 2020, respectively.

As of December 31, 2021, the Company has not recognized any uncertain tax positions, penalties, or interest as management has concluded that no such positions exist. The Company is subject to examination for tax years beginning with the year ended December 31, 2019. The Company is not currently subject to income tax audits in any U.S. or state jurisdictions for any tax year.

***Tax Receivable Agreement***

BRP intends to make an election under Section 754 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the “Code”) effective for each taxable year in which a redemption or exchange of LLC Units and corresponding Class B common stock for shares of Class A common stock occurs. There were exchanges that occurred during 2019 that are expected to result in tax basis adjustments to the assets of BRP that will be allocated to the Company and thus produce favorable tax attributes. The anticipated tax basis adjustments are expected to reduce the amount of tax that BRP Group would otherwise be required to pay in the future. The Company has determined that it is more likely than not that these benefits will not be realized.

On October 28, 2019, BRP Group entered into the Tax Receivable Agreement with BRP’s LLC Members that provides for the payment by BRP Group to BRP’s LLC Members of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that BRP Group actually realizes as a result of (i) any increase in tax basis in BRP assets resulting from (a) previous acquisitions by BRP Group of BRP’s LLC Units from BRP’s LLC Members, (b) the acquisition of LLC Units from BRP’s LLC Members using the net proceeds from any future offering, (c) redemptions or exchanges by BRP’s LLC Members of LLC Units and the corresponding number of shares of Class B common stock for shares of Class A common stock or cash or (d) payments under the Tax Receivable Agreement, and (ii) tax benefits related to imputed interest resulting from payments made under the Tax Receivable Agreement.

This payment obligation is an obligation of BRP Group, Inc. and not of Baldwin Risk Partners, LLC. For purposes of the Tax Receivable Agreement, the cash tax savings in income tax will be computed by comparing the actual income tax liability of BRP Group, Inc. (calculated with certain assumptions) to the amount of such taxes that BRP Group, Inc. would have been required to pay had there been no increase to the tax basis of the assets of Baldwin Risk Partners, LLC as a result of the redemptions or exchanges and had BRP Group, Inc. not entered into the Tax Receivable Agreement. Estimating the amount of payments that may be made under the Tax Receivable Agreement is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. While the actual increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of redemptions or exchanges, the price of shares of our Class A common stock at the time of the redemption or exchange, the extent to which such redemptions or exchanges are taxable and the amount and timing of our income. The Company will account for the effects of these increases in tax basis and associated payments under the Tax Receivable Agreement arising from future redemptions or exchanges as follows:

- record an increase in deferred tax assets for the estimated income tax effects of the increases in tax basis based on enacted federal and state tax rates at the date of the redemption or exchange;
- to the extent it is estimated that the Company will not realize the full benefit represented by the deferred tax asset, based on an analysis that will consider, among other things, our expectation of future earnings, the Company will reduce the deferred tax asset with a valuation allowance; and
- record 85% of the estimated realizable tax benefit (which is the recorded deferred tax asset less any recorded valuation allowance) as an increase to the liability due under the Tax Receivable Agreement and the remaining 15% of the estimated realizable tax benefit as an increase to additional paid-in capital.

All of the effects of changes in any of our estimates after the date of the redemption or exchange will be included in net income. Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income.

**19. Earnings (Loss) Per Share**

Basic earnings (loss) per share is computed by dividing net income (loss) attributable to BRP Group, Inc. 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 Class B common stock.

During the periods presented, potentially dilutive securities include restricted stock awards and 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 Years Ended December 31, | | October 28, 2019 through December 31, 2019 |
|---|---|---|---|
| | 2021 | 2020 | |
| Unvested restricted shares of Class A common stock | 3,119,909 | 826,027 | 330,244 |
| Shares of Class B common stock | 56,338,051 | 49,828,383 | 43,257,738 |

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

The following is a calculation of the basic and diluted weighted-average number of shares of Class A common stock outstanding and net loss per share for the periods presented. The weighted average number of shares of Class A common stock outstanding for the period from October 28, 2019 to December 31, 2019 is based on the actual days in which the shares were outstanding for the period.

| (in thousands, except per share data) | For the Years Ended December 31, 2021 | For the Years Ended December 31, 2020 | October 28, 2019 through December 31, 2019 |
|---|---|---|---|
| Basic and diluted net loss per share: | | | |
| Net loss attributable to BRP Group, Inc. | $ (30,646) | $ (15,696) | $ (8,650) |
| Shares used for basic net loss per share: | | | |
| Basic and diluted weighted-average shares of Class A common stock outstanding | 47,588 | 27,176 | 17,917 |
| Basic and diluted net loss per share | $ (0.64) | $ (0.58) | $ (0.48) |

## 20. Fair Value Measurements

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.

An asset's or liability's fair value measurement level 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

Methodologies used for assets and liabilities measured at fair value on a recurring basis at December 31, 2021 and 2020 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 following table summarizes Company's assets and liabilities measured at fair value on a recurring basis within each level of the fair value hierarchy:

| (in thousands) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| **Level 2** | | |
| Interest Rate Caps | $ 6,338 | $ — |
| Level 2 Assets | $ 6,338 | $ — |
| **Level 3** | | |
| Contingent earnout liabilities | $ 258,589 | $ 164,819 |
| Level 3 Liabilities | $ 258,589 | $ 164,819 |

Methodologies used for assets and liabilities measured at fair value on a recurring basis within Level 3 of the fair value hierarchy at December 31, 2021 and 2020 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 interest rate caps was $6.3 million at December 31, 2021. The fair value of interest rate caps are 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 cap are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities.

The fair value of the contingent earnout liabilities is based on sales projections for the Partners, which are reassessed each reporting period. Based on the Company's ongoing assessment of the fair value of contingent earnout liability, the Company recorded a net increase in the estimated fair value of such liabilities of $45.2 million, $20.4 million and $10.6 million for the years ended December 31, 2021, 2020 and 2019, respectively. The Company has assessed the maximum estimated exposure to the contingent earnout liabilities to be $1.0 billion at December 31, 2021.

The Company also had contingently returnable consideration during the year ended December 31, 2020, which represented a contingent right of return from a Partner to reimburse the Company for a portion of the purchase price as part of the Partnership transaction. The fair value of the contingently returnable consideration was based on sales projections for the Partners, which were reassessed each reporting period. Based on the Company's ongoing assessment of the fair value of contingently returnable consideration, the Company recorded a net decrease in the estimated fair value of such asset of $0.1 million for the year ended December 31, 2020. The contingently returnable consideration measurement period ended on December 31, 2020.

The Company measures contingently returnable consideration and contingent earnout liabilities at fair value at 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 asset or liability with a higher asset capped by the contractual maximum of the contingently returnable consideration and a higher liability capped by the contractual maximum of the contingent earnout consideration. Ultimately, the asset and 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 reduction of the cost of the assets acquired for asset acquisitions. Refer to Note 4 for additional information regarding contingently returnable consideration and contingent earnout consideration recorded in connection with business acquisitions.

The fair value of the contingent earnout liabilities is 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, 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, profitability based on earnings before income taxes, depreciation and amortization ("EBITDA") or the number of rental units tracked. Revenue and EBITDA growth rates generally ranged from 5% to 22% at December 31, 2021 and from 7% to 20% at December 31, 2020. The Company estimates future payments using the earnout formula and performance targets specified in each purchase agreement and these financial projections. These payments are 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 5.00% to 15.50% at December 31, 2021 and from 5.00% to 18.00% at December 31, 2020. Changes in financial projections, market participant assumptions for revenue growth and profitability, 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 contingently returnable consideration and contingent earnout liabilities, which are measured at fair value on a recurring basis utilizing Level 3 assumptions in their valuation:

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | |
| (in thousands) | Contingent Earnout Liabilities | Contingently Returnable Consideration(1) | Contingent Earnout Liabilities |
| Balance at beginning of year | $ 164,819 | $ 70 | $ 48,769 |
| Fair value of contingent consideration issuances (2) | 122,622 | — | 98,523 |
| Change in fair value of contingent consideration | 45,196 | (70) | 20,446 |
| Settlement of contingent consideration (3) | (74,048) | — | (2,919) |
| Balance at end of year | $ 258,589 | $ — | $ 164,819 |

(1) There was no contingently returnable consideration at December 31, 2021 or 2020.
(2) During the year ended December 31, 2021, the Company recorded measurement period adjustments relating to businesses acquired in the fourth quarter of 2020. These adjustments decreased contingent earnout liabilities by $4.7 million, which offsets issuances of $127.3 million from business combinations in the current period.
(3) During the year ended December 31, 2021, the Company settled $61.5 million if its contingent earnout liabilities through the issuance of related party notes payable. Refer to Note 15 for additional information.

Significantly all of the change in fair value of contingent consideration during the years ended December 31, 2021, 2020 and 2019, respectively, related to assets and liabilities that were held at the end of the respective periods.

**Fair Value of Other Financial Instruments**

The fair value of long-term debt and the revolving lines of credit is classified as Level 2 within the fair value hierarchy. Fair value is based on an estimate using a discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements. The fair value of long-term debt and the revolving lines of credit was approximately $904.1 million and $402.0 million at December 31, 2021 and 2020, respectively, compared to outstanding principal amounts of $881.6 million and $399.0 million, respectively. The outstanding principal amount of long-term debt is netted against unamortized debt discount and issuance costs of $23.5 million and $13.6 million at December 31, 2021 and 2020, respectively, for balance sheet presentation.

## 21. Commitments and Contingencies

***Legal***

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

## 22. Segment Information

BRP Group's business is divided into four Operating Groups: Middle Market, Specialty, MainStreet, and Medicare.

- The Middle Market Operating Group provides expertly-designed commercial risk management, employee benefits solutions and private risk management for mid-to-large size businesses and high net worth individuals, as well as their families.
- The Specialty Operating Group consists of two distinct businesses. Our specialty wholesale broker businesses delivers specialty insurers, professionals, individuals and niche industry businesses expanded access to exclusive specialty markets, capabilities and programs requiring complex underwriting and placement. Specialty also houses our MGA of the Future platform, in which we manufacture proprietary, technology enabled insurance product that is then distributed (in many instances via technology and/or API integrations) internally via our Risk Advisors in Middle Market and MainStreet and externally via select distribution partners, with a focus on sheltered channels where our product delivers speed, ease of use and certainty of execution, and example of which is our national embedded renter's insurance product sold at point of lease via integrations with property management software providers.

- The MainStreet Operating Group offers personal insurance, commercial insurance and life and health solutions to individuals and businesses in their communities.
- The Medicare Operating Group offers consultation for government assistance programs and solutions, including traditional Medicare and Medicare Advantage, to seniors and Medicare-eligible individuals through a network of primarily independent contractor agents. In the Medicare Operating Group, BRP generates commissions and fees in the form of direct bill insurance placement and marketing income. Marketing income is earned through co-branded marketing campaigns with our Insurance Company Partners.

In the Middle Market, MainStreet and Specialty Operating Groups, the Company generates commissions and fees from insurance placement under both agency bill and direct bill arrangements. In addition, BRP generates profit sharing income in each of those segments based on either the underlying book of business or performance, such as loss ratios. In the Middle Market Operating Group only, the Company generates fees from service fee and consulting arrangements. Service fee arrangements are in place with certain customers in lieu of commission arrangements.

In the Medicare Operating Group, BRP generates commissions and fees in the form of direct bill insurance placement and marketing income. Marketing income is earned through co-branded marketing campaigns with the Company’s Insurance Company Partners.

The Company’s chief operating decision maker, the chief executive officer, uses net income 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 concerning the Company’s Operating Groups is shown in the following tables. The Corporate and Other non-reportable segment includes any expenses not allocated to the Operating Groups and corporate-related items, including related party and third-party interest expense. Intersegment revenue and expenses are eliminated through the Corporate and Other column. 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.

| (in thousands) | Middle Market | Specialty | MainStreet | Medicare | Corporate and Other | Total |
|---|---|---|---|---|---|---|
| | For the Year Ended December 31, 2021 | | | | | |
| Revenues: | | | | | | |
| Commissions and fees [1] | $ 363,822 | $ 144,455 | $ 34,344 | $ 27,392 | $ (2,723) | $ 567,290 |
| Operating expenses: | | | | | | |
| Commissions, employee compensation and benefits [1] | 234,652 | 102,824 | 22,884 | 16,309 | 23,381 | 400,050 |
| Other operating expenses | 50,037 | 13,716 | 4,970 | 5,289 | 28,150 | 102,162 |
| Amortization | 34,056 | 11,326 | 1,617 | 1,716 | 5 | 48,720 |
| Change in fair value of contingent consideration | 32,735 | 11,881 | 926 | (346) | — | 45,196 |
| Depreciation | 1,483 | 184 | 255 | 90 | 776 | 2,788 |
| Total operating expenses | 352,963 | 139,931 | 30,652 | 23,058 | 52,312 | 598,916 |
| Operating income (loss) | 10,859 | 4,524 | 3,692 | 4,334 | (55,035) | (31,626) |
| Other income (expense): | | | | | | |
| Interest income (expense), net | (150) | (2) | — | 1 | (26,748) | (26,899) |
| Other income (expense), net | 573 | (38) | — | (4) | (107) | 424 |
| Total other income (expense) | 423 | (40) | — | (3) | (26,855) | (26,475) |
| Income (loss) before income taxes | 11,282 | 4,484 | 3,692 | 4,331 | (81,890) | (58,101) |
| Income tax expense | — | — | — | — | 19 | 19 |
| Net income (loss) | $ 11,282 | $ 4,484 | $ 3,692 | $ 4,331 | $ (81,909) | $ (58,120) |
| Capital expenditures | $ 949 | $ 590 | $ 99 | $ 92 | $ 3,591 | $ 5,321 |
| | At December 31, 2021 | | | | | |
| Total assets | $ 2,142,485 | $ 549,662 | $ 61,322 | $ 56,472 | $ 66,366 | $ 2,876,307 |

(1) During the year ended December 31, 2021, the Middle Market Operating Group recorded intercompany commissions and fees revenue from activity with the Specialty Operating Group of $1.5 million; the Specialty Operating Group recorded intercompany commissions and fees revenue from activity with itself of $0.2 million; the MainStreet Operating Group recorded intercompany commissions and fees revenue from activity with the Middle Market and Specialty Operating Groups of $0.5 million; and the Medicare Operating Group recorded intercompany commissions and fees revenue from activity with itself of $0.6 million. These intercompany commissions and fees are eliminated through Corporate and Other.

| (in thousands) | Middle Market | Specialty | MainStreet | Medicare | Corporate and Other | Total |
|---|---|---|---|---|---|---|
| | For the Year Ended December 31, 2020 | | | | | |
| Revenues: | | | | | | |
| Commissions and fees [1] | $ 103,393 | $ 88,876 | $ 30,361 | $ 19,320 | $ (1,031) | $ 240,919 |
| | | | | | | |
| Operating expenses: | | | | | | |
| Commissions, employee compensation and benefits [1] | 66,303 | 67,189 | 17,852 | 10,889 | 11,881 | 174,114 |
| Other operating expenses | 16,319 | 5,746 | 4,440 | 3,504 | 18,051 | 48,060 |
| Amortization | 7,037 | 9,131 | 1,730 | 1,132 | 8 | 19,038 |
| Change in fair value of contingent consideration | 143 | 16,707 | 3,187 | 479 | — | 20,516 |
| Depreciation | 586 | 167 | 251 | 53 | 72 | 1,129 |
| Total operating expenses | 90,388 | 98,940 | 27,460 | 16,057 | 30,012 | 262,857 |
| | | | | | | |
| Operating income (loss) | 13,005 | (10,064) | 2,901 | 3,263 | (31,043) | (21,938) |
| | | | | | | |
| Other income (expense): | | | | | | |
| Interest income (expense), net | 46 | — | 4 | — | (7,907) | (7,857) |
| Other expense, net | (66) | (28) | — | — | (1) | (95) |
| Total other income (expense) | (20) | (28) | 4 | — | (7,908) | (7,952) |
| | | | | | | |
| Income (loss) before income taxes | 12,985 | (10,092) | 2,905 | 3,263 | (38,951) | (29,890) |
| Income tax benefit | — | — | — | — | (5) | (5) |
| Net income (loss) | $ 12,985 | $ (10,092) | $ 2,905 | $ 3,263 | $ (38,946) | $ (29,885) |
| | | | | | | |
| Capital expenditures | $ 629 | $ 77 | $ 109 | $ 160 | $ 4,494 | $ 5,469 |
| | At December 31, 2020 | | | | | |
| Total assets | $ 1,194,185 | $ 188,360 | $ 58,957 | $ 43,675 | $ 44,737 | $ 1,529,914 |

(1) During the year ended December 31, 2020, the Middle Market Operating Group recorded intercompany commissions and fees revenue from activity with the Specialty Operating Group of $0.5 million; the MainStreet Operating Group recorded intercompany commissions and fees revenue from activity with the Middle Market Operating Group of $0.2 million; and the Medicare Operating group recorded intercompany commissions and fees revenue from activity with itself of $0.3 million. Intercompany commissions and fees and intercompany commissions, employee compensation and benefits expense are eliminated through Corporate and Other.

| | For the Year Ended December 31, 2019 | | | | | |
|---|---|---|---|---|---|---|
| **(in thousands)** | **Middle Market** | **Specialty** | **MainStreet** | **Medicare** | **Corporate and Other** | **Total** |
| Revenues: | | | | | | |
| Commissions and fees | $ 56,394 | $ 44,913 | $ 25,533 | $ 11,001 | $ — | $ 137,841 |
| | | | | | | |
| Operating expenses: | | | | | | |
| Commissions, employee compensation and benefits | 37,560 | 32,505 | 14,727 | 5,576 | 6,587 | 96,955 |
| Other operating expenses | 8,396 | 3,318 | 3,888 | 2,079 | 6,895 | 24,576 |
| Amortization | 1,861 | 6,466 | 1,280 | 381 | 19 | 10,007 |
| Change in fair value of contingent consideration | (1,378) | 13,513 | (971) | (335) | — | 10,829 |
| Depreciation | 344 | 11 | 81 | 17 | 89 | 542 |
| Total operating expenses | 46,783 | 55,813 | 19,005 | 7,718 | 13,590 | 142,909 |
| | | | | | | |
| Operating income (loss) | 9,611 | (10,900) | 6,528 | 3,283 | (13,590) | (5,068) |
| Other income (expense): | | | | | | |
| Interest income (expense), net | 37 | (32) | (8) | — | (10,637) | (10,640) |
| Loss on extinguishment of debt | — | — | — | — | (6,732) | (6,732) |
| Other income, net | 3 | — | — | — | — | 3 |
| Total other income (expense) | 40 | (32) | (8) | — | (17,369) | (17,369) |
| | | | | | | |
| Income (loss) before taxes | 9,651 | (10,932) | 6,520 | 3,283 | (30,959) | (22,437) |
| Income tax expense | — | — | — | — | 17 | 17 |
| Net income (loss) | $ 9,651 | $ (10,932) | $ 6,520 | $ 3,283 | $ (30,976) | $ (22,454) |
| | | | | | | |
| Capital expenditures | $ 256 | $ 23 | $ 417 | $ 10 | $ 1,012 | $ 1,718 |

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including the 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 Annual Report on Form 10-K. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, because of the material weaknesses in internal control over financial reporting described below (which were evaluated based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control - Integrated Framework (2013)), our disclosure controls and procedures were not effective as of December 31, 2021. However, management concluded that the financial statements included in this Annual Report on Form 10-K, when read with the notes thereto, present fairly in all material respects our financial position, results of operations and cash flows for the periods presented.

### Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Management identified material weaknesses existing as of December 31, 2021 related to (i) a lack of a sufficient number of personnel with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately; (ii) insufficient policies and procedures to achieve complete and accurate financial accounting, reporting and disclosures; and (iii) failure to design and maintain controls over the operating effectiveness of information technology (“IT”) general controls.

Management, including our Chief Executive Officer and our Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by COSO in Internal Control - Integrated Framework (2013). Based on this assessment, management has concluded that we did not maintain effective internal control over financial reporting as of December 31, 2021.

A “material weakness” is defined under SEC rules as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company’s annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses did not result in a material misstatement to the previously issued annual or interim consolidated financial statements. However, each of the material weaknesses could result in a misstatement of any account balance or disclosure that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

In addition, we completed 16 Partnerships for an aggregate purchase price of $1.1 billion during 2021. Guidance from the staff of the Securities and Exchange Commission provides that the staff will not take exception to companies that exclude acquisitions from their assessment of internal control over financial reporting during the first year of an acquisition, and our management has elected to exclude all 16 Partnerships from our assessment as of December 31, 2021. The 16 Partnerships represent approximately 7% of our consolidated total assets (the calculation excludes the goodwill and intangible assets of those acquired entities as the goodwill and intangible assets were subject to management's assessment of internal control over financial reporting) and approximately 11% of total revenues as of and for the year ended December 31, 2021, respectively.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included in this Annual Report on Form 10-K.

**Ongoing Remediation Efforts and Status of Material Weaknesses**

In our 2020 Annual Report, filed on March 11, 2021, management identified four material weaknesses existing as of December 31, 2020.

Management, including our Chief Executive Officer and our Chief Financial Officer, has concluded that we have remediated the previously disclosed material weakness related to insufficient policies and procedures setting forth how management is to review, analyze, account for and disclose complex transactions by (i) adding resources responsible for the execution and oversight of accounting and integrations operations; (ii) designing and implementing enhancements to internal control over financial reporting including those related to business combinations; and, (iii) expanding the use of specialist involvement in highly complex and technical areas of accounting and valuation. Management has performed testing to verify the effective design and successful operating effectiveness of the new or enhanced controls.

The other three material weaknesses remain as of December 31, 2021 and are described above. We have taken certain remediation steps to address the material weaknesses that remain as of December 31, 2021, and to improve our internal control over financial reporting. Management of the Company and the Board take the control and integrity of the Company's financial statements seriously and believe that the remediation steps described below are essential to maintaining a strong internal controls environment.

We hired a third party consulting firm to operate as an internal audit function (the "Internal Auditors") to evaluate management's design of controls and to perform operating effectiveness testing. The Internal Auditors have been meeting with management and our outside independent auditors ("Outside Auditors") since 2019. During management's remediation efforts in 2021, we met with our Internal Auditors and/or Outside Auditors on a periodic basis, and for periods of time, weekly or daily, to assess progress on remediation. Since January 2020, and as of December 31, 2021, we have made significant progress in strengthening our internal control over financial reporting, which has included the design and implementation of multiple new controls. We have designed approximately three hundred key controls and are substantially complete with our assessment of the implementation and operating effectiveness of approximately 90% of these controls in our control environment as of December 31, 2021. We will continue to identify and implement actions to improve the design and effectiveness of our internal control over financial reporting, including plans to enhance our resources and training, and to review such actions and progress with the Audit Committee.

In addition, we have taken, and continue to take, the actions described below to remediate the three remaining material weaknesses. As we continue to evaluate and work to improve our internal control over financial reporting, management may determine we need to take additional measures to address control deficiencies or determine to modify the remediation efforts described in this section.

Management, with the oversight of the Audit Committee of the Board of Directors, has invested considerable time and resources over the last two years and has made meaningful progress to enhance our internal control over financial reporting and to address these material weaknesses, in each case as further described below.

***Lack of Sufficient Accounting Personnel***

To address the material weakness associated with the lack of sufficient personnel with an appropriate level of accounting knowledge, training and experience commensurate with our financial reporting requirements to appropriately analyze, record and disclose accounting matters timely and accurately, we have (i) hired personnel with the appropriate knowledge, experience, certification, training and education for all of the key positions in the financial reporting and accounting function, including a Chief Accounting Officer, Director of Technical Accounting and Director of Financial Reporting, (ii) improved accountability in the accounting organization with expanded policies and procedures, (iii) improved communication through weekly meetings conducted by the Chief Accounting Officer with her direct reports and monthly town hall meetings held by the accounting and finance functions, (iv) conducted routine staff training, and (v) hired a Director of Internal Audit and a Director of Internal Controls to deliver in-house expertise to all of our colleagues on designing and operating an effective control environment. We continue to evaluate personnel and staffing requirements of our rapidly growing business, entity level controls to support the overall control environment, and the design of segregation of duties. The lack of sufficient accounting personnel is significantly impacted by management’s ability to complete remediation of its other two material weaknesses.

***Financial Accounting, Reporting and Disclosures***

To address the material weakness associated with insufficient policies and procedures necessary to achieve complete compliance with COSO standards for accurate financial accounting, reporting and disclosures, we have: (i) purchased, designed, and implemented a new general ledger and account reconciliation tool to automate and standardize certain procedures, (ii) established policies and procedures to govern the completion and review of account reconciliations, including independent review, (iii) established policies and procedures to govern the posting and review of journal entries to our general ledger, (iv) delivered supplemental training to accounting staff with the objective of developing a thorough understanding of our account reconciliation and journal entry policies and review protocols, (v) designed and implemented new controls and enhancements to existing controls over the preparation, analysis and review of manual journal entries, significant account reconciliations and closing adjustments, and (vi) established policies and procedures regarding the preparation and review of financial statements and disclosures, including review by the Chief Accounting Officer and the Audit Committee. In addition, management continues to design and implement controls to test the completeness and accuracy of data and key reports. We will continue ongoing remediation efforts to implement changes to the design of our internal control over financial accounting, reporting and disclosures and the sustained operation of our controls over a period that is appropriate in order to conclude that the controls are operating effectively.

***Information Technology General Controls***

To address the material weakness associated with failure to design and maintain controls over the operating effectiveness of information technology (“IT”) general controls, we have (i) hired IT personnel with an appropriate level of knowledge and technical experience to design and maintain IT general controls, including hiring a Chief Digital & Information Officer, (ii) established policies and procedures for the design and operation of IT general controls, (iii) implemented an IT general controls framework, (iv) begun implementing a single-sign-on application to centralize system provisioning and de-provisioning, and (v) where necessary, we have identified, implemented, and documented IT general controls. We continue to evaluate the appropriate controls to design and maintain effective IT general controls supporting financial systems relevant to our financial reporting processes and the sustained operation of our controls over a period that is appropriate in order to conclude that the controls are operating effectively. We continue to evaluate staffing requirements and technology improvement opportunities to further address and achieve remediation.

**Changes in Internal Control over Financial Reporting**

Our remediation efforts were ongoing during the year ended December 31, 2021 and resulted in the remediation of a previously identified material weakness related to policies and procedures setting forth how management is to review, analyze, account for and disclose complex transactions as noted above, which included significant business combinations and the monitoring and adoption of new accounting pronouncements. Except with respect to the one remediated material weakness and our ongoing remediation efforts described above, there were no changes in our internal control over financial reporting that occurred during the year-ended December 31, 2021 that materially affected, or that are reasonably likely to materially affect our internal control over financial reporting.

Notwithstanding the continuing existence of three material weaknesses with varying degrees of remediation, management concluded that the financial statements included in this Annual Report on Form 10-K, when read with the notes thereto, present fairly in all material respects our financial position, results of operations and cash flows for the periods presented.

## ITEM 9B. OTHER INFORMATION

None.

## ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated herein by reference to the definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

We have adopted a Code of Business Conduct and Ethics that applies to all employees, including executive officers, and to directors. The Code of Business Conduct and Ethics is available on the Governance Overview page of our website at ir.baldwinriskpartners.com. Any approved amendments to, or waiver of, any provision of the Code of Business Conduct and Ethics will be posted on our website at the aforementioned address.

### ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference to the definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated herein by reference to the definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated herein by reference to the definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated herein by reference to the definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

The following documents are filed as part of this Annual Report on Form 10-K.

(1) Consolidated financial statements: See "Item 8. Financial statements and supplementary data" herein.

(2) Consolidated financial statement schedules. All schedules are omitted for the reason that the information is included in the consolidated financial statements or the notes thereto or that they are not required or are not applicable.

(3) Exhibits: The exhibits listed in the accompanying index are filed or incorporated by reference as part of this Annual Report on Form 10-K.

| Exhibit No. | Description of Exhibit |
|---|---|
| 3.1 | Amended and Restated Certificate of Incorporation of BRP 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, 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 | Amended and Restated By-Laws of BRP Group, Inc. (incorporated herein by reference to Exhibit 3.2 of the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 31, 2019). |
| 4.1* | Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, As Amended. |
| 10.1† | Employment Agreement, dated as of October 28, 2019, between Baldwin Risk Partners, LLC and Trevor L. Baldwin (incorporated herein by reference to Exhibit 10.1 of the registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 24, 2020). |
| 10.2† | Employment Agreement, dated as of September 9, 2019, between Baldwin Risk Partners, LLC and Christopher Stephens (incorporated herein by reference to Exhibit 10.10 of the registrant's Form S-1 filed with the Securities and Exchange Commission on June 22, 2020). |
| 10.3† | Amended and Restated Employment Agreement, dated as of October 28, 2019, between Baldwin Risk Partners, LLC and Daniel Galbraith (incorporated herein by reference to Exhibit 10.9 of the registrant's Form S-1 filed with the Securities and Exchange Commission on June 22, 2020). |
| 10.4†* | Amended and Restated Employment Agreement, dated as of October 28, 2019, between Baldwin Risk Partners, LLC and Bradford Hale. |
| 10.5†* | Amendment No. 1 to Amended and Restated Employment Agreement, dated as of March 23, 2020, between Baldwin Risk Partners, LLC and Bradford Hale. |
| 10.6†* | Amendment No. 2 to Amended and Restated Employment Agreement, dated as of April 1, 2021, between Baldwin Risk Partners, LLC and Bradford Hale. |
| 10.7† | Amended and Restated Employment Agreement, dated as of October 28, 2019, between Baldwin Risk Partners, LLC and Kristopher Wiebeck (incorporated herein by reference to Exhibit 10.2 of the registrant's Form 10-K filed with the Securities and Exchange Commission on March 24, 2020). |
| 10.8†* | Amendment No. 1 to Amended and Restated Employment Agreement, dated as of April 1, 2021, between Baldwin Risk Partners, LLC and Kris Wiebeck. |
| 10.9†* | Employment Agreement, dated as of April 1, 2021, between Baldwin Risk Partners, LLC and Corbyn Galloway. |
| 10.10† | Employment Agreement, dated as of October 28, 2019, between Baldwin Risk Partners, LLC and John Valentine (incorporated herein by reference to Exhibit 10.3 of the registrant's Form 10-K filed with the Securities and Exchange Commission on March 24, 2020). |
| 10.11†* | Separation Agreement, dated as of September 8, 2021, between Baldwin Risk Partners, LLC and Christopher Stephens. |
| 10.12† | BRP Group, Inc. Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.6 of the registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on September 23, 2019). |
| 10.13† | Form of BRP Group, Inc. Omnibus Incentive Plan Restricted Stock Award Agreement (incorporated herein by reference to Exhibit 10.7 of the registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on September 23, 2019). |

| Exhibit No. | Description of Exhibit |
|---|---|
| 10.14† | BRP Group, Inc. Partnership Inducement Award Plan (as amended November 16, 2021) (incorporated herein by reference to Exhibit 99.1 of the registrant's Registration Statement on Form S-8 (Registration No. 333-261126) filed with the Securities and Exchange Commission on November 16, 2021). |
| 10.15 | Third Amended and Restated Limited Liability Company Agreement of Baldwin Risk Partners, LLC, dated as of October 7, 2019, by and among Baldwin Risk Partners, LLC and its members (incorporated herein by reference to Exhibit 10.5 of the registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 24, 2020). |
| 10.16† | Form of Baldwin Risk Partners, LLC Restricted Unit Agreement (incorporated herein by reference to Exhibit 10.11 of the registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on September 23, 2019). |
| 10.17† | Form of Performance-Based Restricted Stock Unit Award Agreement (incorporated herein by reference to Exhibit 10.1 of the registrant's Current Report on Form 8-K/A filed with the Securities and Exchange Commission on May 6, 2021). |
| 10.18† | Form of Director and Executive Officer Indemnification Agreement (incorporated herein by reference to Exhibit 10.12 of the registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on September 23, 2019). |
| 10.19 | Stockholders Agreement, dated as of October 28, 2019, by and among BRP Group, Inc. and the other persons and entities party thereto (incorporated herein by reference to Exhibit 10.3 of the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 31, 2019). |
| 10.20 | Registration Rights Agreement, dated October 28, 2019, by and among BRP Group, Inc. and the other persons and entities party thereto (incorporated herein by reference to Exhibit 10.2 of the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 31, 2019). |
| 10.21 | Tax Receivable Agreement, dated October 28, 2019, by and among BRP Group, Inc., Baldwin Risk Partners, LLC and each of the other persons and entities party thereto (incorporated herein by reference to Exhibit 10.1 of the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 31, 2019). |
| 10.22 | Credit Agreement, dated as of October 14, 2020, by and among Baldwin Risk Partners, LLC, a Delaware limited liability company, JPMorgan Chase Bank, N.A., as the Administrative Agent, the Guarantors party thereto, the Lenders party thereto and the Issuing Lenders party thereto (incorporated herein by reference to Exhibit 10.1 of the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 15, 2020). |
| 10.23 | Amendment No. 1 to Credit Agreement, dated as of May 7, 2021, by and among Baldwin Risk Partners, LLC, a Delaware limited liability company, JPMorgan Chase Bank, N.A., as the Administrative Agent, the Guarantors party thereto, the Lenders party thereto and the Issuing Lenders party thereto (incorporated herein by reference to Exhibit 10.2 of the registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 10, 2021). |
| 10.24 | Amendment No. 2 to Credit Agreement, dated as of June 2, 2021, by and among Baldwin Risk Partners, LLC, a Delaware limited liability company, JPMorgan Chase Bank, N.A., as the Administrative Agent, the Guarantors party thereto, the Lenders party thereto and the Issuing Lenders party thereto (incorporated herein by reference to Exhibit 10.1 of the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 2, 2021). |
| 10.25 | Amendment No. 3 to Credit Agreement, dated as of August 6, 2021, by and among Baldwin Risk Partners, LLC, a Delaware limited liability company, JPMorgan Chase Bank, N.A., as the Administrative Agent, the Guarantors party thereto, the Lenders party thereto and the Issuing Lenders party thereto (incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 12, 2021). |
| 10.26 | Amendment No. 4 to Credit Agreement, dated as of December 16, 2021, by and among Baldwin Risk Partners, LLC, a Delaware limited liability company, JPMorgan Chase Bank, N.A., as the Administrative Agent, the Guarantors party thereto, the Lenders party thereto and the Issuing Lenders party thereto (incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 21, 2021). |
| 21* | List of Subsidiaries of BRP Group, Inc. |
| 23.1* | Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm |
| 31.1* | Certification of the Registrant's Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934 |
| 31.2* | Certification of the Registrant's Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934 |
| 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 |

| Exhibit No. | Description of Exhibit |
|---|---|
| 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 |
| 101.4 | Cover Page Interactive Data File (formatted in inline XBRL and included in Exhibit 101) |

***** Filed herewith

† Management contract or compensatory plan or arrangement.

**ITEM 16. FORM 10-K SUMMARY**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

**BRP GROUP, INC.**

| | | |
|---|---|---|
| Date: March 1, 2022 | By: | /s/ Trevor L. Baldwin |
| | | Trevor L. Baldwin |
| | | *Chief Executive Officer* |

Pursuant to requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ Lowry Baldwin<br>Lowry Baldwin | Chairman of the Board of Directors | March 1, 2022 |
| /s/ Trevor Baldwin<br>Trevor Baldwin | Chief Executive Officer and Director<br>(Principal Executive Officer) | March 1, 2022 |
| /s/ Philip Casey<br>Philip Casey | Director | March 1, 2022 |
| /s/ Jay Cohen<br>Jay Cohen | Director | March 1, 2022 |
| /s/ Corbyn Galloway<br>Corbyn Galloway | Chief Accounting Officer<br>(Principal Accounting Officer) | March 1, 2022 |
| /s/ Bradford Hale<br>Bradford Hale | Chief Financial Officer<br>(Principal Financial Officer) | March 1, 2022 |
| /s/ Joseph J. Kadow<br>Joseph J. Kadow | Director | March 1, 2022 |
| /s/ Barbara Matas<br>Barbara Matas | Director | March 1, 2022 |
| /s/ Sunita Parasuraman<br>Sunita Parasuraman | Director | March 1, 2022 |
| /s/ Chris Sullivan<br>Chris Sullivan | Director | March 1, 2022 |
| /s/ Kris Wiebeck<br>Kris Wiebeck | Chief Strategy Officer and Director | March 1, 2022 |
| /s/ Myron Williams<br>Myron Williams | Director | March 1, 2022 |

## Description of Securities
## Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, as Amended

As of December 31, 2021, BRP Group, Inc. has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): our Class A common stock, par value $0.01 per share, or the “Class A common stock”.

For purposes of this description, references to “the Company,” “BRP Group,” “us,” “we” or “our” refer to BRP Group, Inc. and not any of its subsidiaries.

### Description of BRP Group Common Stock

The following is a summary of the material terms of our capital stock and the provisions of our Amended and Restated Articles of Incorporation, as amended (our “articles of incorporation”) and Amended and Restated By-laws (our “by-laws”) and is subject to and qualified in its entirety by reference to the articles of incorporation and by-laws, each of which is incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this exhibit is a part. It also summarizes some relevant provisions of the Delaware General Business Corporation Law, which we refer to as “Delaware law” or “DGCL” and is subject to and qualified in its entirety by reference to the DGCL. Since the terms of our articles of incorporation, by-laws, and Delaware law are more detailed than the general information provided below, you should only rely on the actual provisions of those documents and Delaware law.

**Authorized Capital Stock**

Our authorized capital stock consists of 300,000,000 shares of Class A common stock, par value $0.01 per share, 100,000,000 shares of Class B common stock, par value $0.0001 per share, and 50,000,000 shares of preferred stock, par value $0.01 per share. Unless our board of directors determines otherwise, we will issue all shares of our capital stock in uncertificated form.

**Class A Common Stock**

Holders of shares of our Class A common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. The holders of our Class A common stock do not have cumulative voting rights in the election of directors.

Holders of shares of our Class A common stock are entitled to receive dividends when and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our Class A common stock will be entitled to receive pro rata our remaining assets available for distribution.

All shares of our Class A common stock that are outstanding are fully paid and non-assessable. The Class A common stock are not subject to further calls or assessments by us. The rights powers and privileges of our Class A common stock are subject to those of the holders of any shares of our preferred stock or any other series or class of stock we may authorize and issue in the future.

*Authorized but Unissued Capital Stock*

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of the Nasdaq, which would apply so long as the shares of Class A common stock remains listed on the Nasdaq, require stockholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or the then-outstanding number of shares of Class A common stock (we believe the position of the Nasdaq is that the calculation in this latter case treats as outstanding shares of Class A common stock issuable upon redemption or exchange of outstanding LLC Units ("LLC Units") of Baldwin Risk Partners, LLC ("BRP") not held by BRP Group). These additional shares of Class A common stock may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive the stockholders of opportunities to sell their shares at prices higher than prevailing market prices.

*Dividends*

The DGCL permits a corporation to declare and pay dividends out of "surplus" or, if there is no "surplus," out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. "Surplus" is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by its board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equals the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, remaining capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets. Declaration and payment of any dividend will be subject to the discretion of our board of directors.

*Stockholder meetings*

Our certificate of incorporation and our by-laws provide that annual stockholder meetings will be held at a date, time and place, if any, as exclusively selected by our board of directors. Our by-laws provide that special meetings of the stockholders may be called only by or at the direction of the board of directors, the chairman of our board or the chief executive officer. To the extent permitted under applicable law, we may conduct meetings by remote communications, including by webcast.

*Transferability, Redemption and Exchange*

There are no limitations in the Third Amended and Restated Limited Liability Company Agreement of BRP (the "Amended LLC Agreement") on the number of LLC Units issuable in the future and we are not required to own a majority of LLC Units. Under the Amended LLC Agreement, the holders of LLC Units have the right (subject to the terms of the Amended LLC Agreement), to require BRP to redeem all or a portion of their LLC Units for, at our election, newly-issued shares of Class A common stock on a one-for-one basis or a cash payment equal to the volume weighted average market price of one share of our Class A common stock for each LLC Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the Amended LLC Agreement. Additionally, in the event of a redemption request by a holder of LLC Units, we may, at our option, effect a direct exchange of cash or Class A common stock for LLC Units in lieu of such a redemption. Shares of Class B common stock will be cancelled on a one-for-one basis if we, following a redemption request of a holder of LLC Units, redeem or exchange LLC Units of such holder of LLC Units pursuant to the terms of the Amended LLC Agreement.

Except for transfers to us pursuant to the Amended LLC Agreement or to certain permitted transferees, the holders of LLC Units are not permitted to sell, transfer or otherwise dispose of any LLC Units or shares of Class B common stock.

*Other Provisions*

Neither the Class A common stock nor the Class B common stock has any preemptive or other subscription rights.

There are no redemption or sinking fund provisions applicable to the Class A common stock or Class B common stock. Further, our Stockholders Agreement provides that, for so long as owners of LLC Units of BRP prior to our initial public offering (“Pre-IPO LLC Members”) beneficially hold at least 10% of the aggregate number of outstanding shares of our common stock (the “Substantial Ownership Requirement”), any redemption, repurchase or other acquisition of ownership interests (other than in connection with terms of equity compensation plans, subject to certain specified exceptions) must be approved by Pre-IPO LLC Members.

At such time when no LLC Units remain redeemable or exchangeable for shares of our Class A common stock, our Class B common stock will be cancelled.

*Certain Certificate of Incorporation, By-laws and Statutory Provisions*

Our certificate of incorporation provides that, to the fullest extent permitted by law, the doctrine of “corporate opportunity” will only apply against our directors and officers and their respective affiliates for competing activities related to insurance brokerage activities.

**Anti-Takeover Effects of our Certificate of Incorporation, Stockholders Agreement and By-laws**

Our certificate of incorporation and by-laws contains certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and that may have the effect of delaying, deferring or preventing a future takeover or change in control of our company unless such takeover or change in control is approved by our board of directors. These provisions include:

*No cumulative voting.* Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our certificate of incorporation does not authorize cumulative voting. Therefore, stockholders holding a majority in voting power of the shares of our common stock entitled to vote generally in the election of directors will be able to elect all our directors.

*Election and removal of directors*. Our certificate of incorporation provides that our board shall consist of not less than three nor more than 13 directors. Our certificate of incorporation also provides that, subject to the rights granted to one or more series of preferred stock then outstanding, any vacancies on our board will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum. Our Stockholders Agreement provides that, until the Substantial Ownership Requirement is no longer met, Pre-IPO LLC Members may designate a majority of the nominees for election to our board of directors, including the nominee for election to serve as Chairman to our board of directors and that, so long as The Villages Invesco LLC ("Villages Invesco") beneficially owns 7.5% of the aggregate number of outstanding shares of our common stock, it may designate one nominee for election to our board of directors and any director elected after having been nominated by Villages Invesco may only be removed for cause or with the consent of Villages Invesco. The parties to our Voting Agreement (as defined below) have agreed to vote for the election of the nominee designated by Villages Invesco. Our Stockholders Agreement provides that, until the Substantial Ownership Requirement is no longer met, any action to change the number of directors requires approval of the Pre-IPO LLC Members.

In addition, our certificate of incorporation provides that our board of directors is divided into three classes of directors, with each class as equal in number as possible, serving staggered three-year terms. Following the time when the Majority Ownership Requirement is no longer met, and subject to obtaining any required stockholder votes, directors may only be removed for cause and by the affirmative vote of holders of 75% of the total voting power of our outstanding shares of common stock, voting together as a single class. This requirement of a super-majority vote to remove directors for cause could enable a minority of our stockholders to exercise veto power over any such removal. Prior to such time, directors may be removed with or without cause by the affirmative vote of the holders of a majority of the total voting power of our outstanding shares of common stock.

*Action by written consent; special meetings of stockholders*. Our certificate of incorporation provides that, following the time that the Majority Ownership Requirement is no longer met, stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting. Our certificate of incorporation, Stockholders Agreement and by-laws also provides that, subject to any special rights of the holders as required by law, special meetings of the stockholders can only be called by the chairman or vice chairman of the board of directors or, until the time that the Majority Ownership Requirement is no longer met, at the request of holders of a majority of the total voting power of our outstanding shares of common stock, voting together as a single class. Except as described above, stockholders are not permitted to call a special meeting or to require the board of directors to call a special meeting.

*Advance notice procedures*. Our by-laws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to the board of directors. Stockholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given our Secretary timely written notice, in proper form, of the stockholder's intention to bring that business before the meeting. Although the by-laws do not give our board of directors the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, the by-laws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of our company.

*Super-majority approval requirements*. The DGCL generally provides that the affirmative vote of the holders of a majority of the total voting power of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or by-laws, unless either a corporation's certificate of incorporation or by-laws require a greater percentage. Our Stockholders Agreement provides that, until the Substantial Ownership Requirement is no longer met, any amendment to our certificate of incorporation or by-laws must be approved by the Pre-IPO LLC Members. Our certificate of incorporation and by-laws provide that, following the time that the Majority Ownership Requirement is no longer met, the affirmative vote of holders of 75% of the total voting power of our outstanding common stock eligible to vote in the election of directors, voting together as a single class, will be required to amend, alter, change or repeal specified provisions, including those relating to actions by written consent of stockholders, calling of special meetings of stockholders, election and removal of directors, business combinations and amendment of our certificate of incorporation and by-laws. This requirement of a super-majority vote to approve amendments to our certificate of incorporation and by-laws could enable a minority of our stockholders to exercise veto power over any such amendments.

*Authorized but unissued shares*. The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing rules of the Nasdaq. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

*Business combinations with interested stockholders*. In general, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation's voting stock for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. We have expressly elected not to be governed by the "business combination" provisions of Section 203 of the DGCL, until after the Majority Ownership Requirement is no longer met. At that time, such election shall be automatically withdrawn and we will thereafter be governed by the "business combination" provisions of Section 203 of the DGCL. Further, our Stockholders Agreement provides that, until the Majority Ownership Requirement is no longer met, any business combination resulting in a merger, consolidation or sale of all, or substantially all, of our assets, and any acquisition or disposition of any asset or business having consideration in excess of 5% of our total assets, must be approved by the Pre-IPO LLC Members.

*Exclusive forum provision.* Our certificate of incorporation provides that the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL, and (iv) any action asserting a claim against us governed by the internal affairs doctrine. This choice of forum provision does not preclude or contract the scope of exclusive federal or concurrent jurisdiction for any actions brought under the Exchange Act or the Securities Act of 1933 (the "Securities Act"). Accordingly, our exclusive forum provision does not apply to claims arising under the Exchange Act or the Securities Act and does not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder, and our stockholders are not deemed to have waived our compliance with these laws, rules and regulations.

**Voting Agreement**

A group comprised of Baldwin Insurance Group Holdings, LLC, Lowry Baldwin, our Chairman, Elizabeth Krystyn, Laura Sherman, Trevor Baldwin, our Chief Executive Officer, Kristopher Wiebeck, our Chief Strategy Officer, Brad Hale, our Chief Financial Officer John Valentine, our Chief Partnership Officer, Daniel Galbraith, our Chief Operating Officer, Joseph Finney, Highland Risk Services LLC and certain trusts established by such individuals have entered into a Voting Agreement, with Lowry Baldwin, our Chairman, pursuant to which, in connection with any meeting of our shareholders or any written consent of our shareholders, each such person and trust party thereto will agree to vote or exercise their right to consent in the manner directed by Lowry Baldwin. The parties to the Voting Agreement beneficially owned approximately 31.2% of the voting power of our common stock.

**Directors' Liability; Indemnification of Directors and Officers**

Our certificate of incorporation limits the liability of our directors to the fullest extent permitted by the DCGL and provides that we will provide them with customary indemnification. We enter into customary indemnification agreements with each of our executive officers and directors that provide them, in general, with customary indemnification in connection with their service to us or on our behalf.

**Transfer Agent and Registrar**

The transfer agent and registrar for our Class A common stock is American Stock Transfer & Trust Company, LLC.

**Securities Exchange**

Our Class A common stock is listed on the Nasdaq under the symbol "BRP."

# AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This **AMENDED AND RESTATED EMPLOYMENT AGREEMENT** (this "Agreement") is effective as of the IPO Closing Date (as defined below and subject to Section 27 hereof), by and between BALDWIN RISK PARTNERS, LLC, a Delaware limited liability company (the "Company"), and Bradford L. Hale ("Employee").

## BACKGROUND

The Company serves as a holding company that owns interests in subsidiaries and joint ventures that own and operate insurance agencies.

The Company employs Employee pursuant to that certain Employment Agreement, dated April 29, 2019, by and between the Company and Employee (the "Prior Employment Agreement").

The Company and Employee desire to enter into this Agreement to amend and restate the Prior Employment Agreement effective as of the closing of the initial public offering (the date of such closing, the "IPO Closing Date") by BRP Group, Inc., a Delaware corporation and the managing member of the Company ("PubCo"), pursuant to the Form S-1 Registration Statement under the Securities Act of 1933.

## OPERATIVE TERMS

The parties agree as follows:

1. **Employment.** The Company shall continue to employ Employee, and Employee hereby accepts continued employment with the Company, upon the terms and conditions set forth in this Agreement for the period beginning on the IPO Closing Date and ending as provided in Section 5 hereof (the "Employment Period").

2. **Position and Duties.**

(a) **Title and Duties.** During the Employment Period, Employee shall serve as Chief Accounting Officer of the Company and PubCo, and shall have those powers and duties normally and customarily associated with his position in entities comparable to the Company and PubCo and such other powers and duties as may be reasonably prescribed by the Company or PubCo, subject to the power and authority of each of the Company or PubCo to modify such duties, responsibilities, functions and authority from time to time in its sole discretion.

(b) **Management.** During the Employment Period, Employee shall report to the Chief Financial Officer of the Company and PubCo, positions which are currently held by Kris Wiebeck or other person as determined by the Company or PubCo from time to time, and shall devote his best efforts and his full business time and attention (except for permitted vacation periods and reasonable periods of illness or other incapacity) to the business and affairs of PubCo, the Company and their current and future, direct and indirect, subsidiaries, affiliates, joint ventures and other related entities (the "Company Group").

(c) **Employee's Efforts.** Employee shall perform his duties, responsibilities and functions for the Company and PubCo to the best of his abilities in a diligent, trustworthy, businesslike and efficient manner and shall comply with the Company's and PubCo's policies and procedures as may be in effect from time to time. During the Employment Period, Employee shall not serve as an officer or director of, or otherwise perform services (for compensation or otherwise), any other entity without the prior written consent of the Company; provided that Employee may manage his own investments, including, without limitation, any rental properties, and also serve as an officer or director of, or otherwise participate in, purely educational, welfare, social, religious or civic organizations, so long as such activities do not interfere with Employee's duties and responsibilities for the Company and PubCo.

3. **Place of Performance**. The principal place of employment of Employee shall be at the Company's executive offices in Tampa, Florida; provided that the Employee shall be required to travel on Company or PubCo business from time to time during the Employment Period.

4. **Compensation and Related Matters.**

(a) **Base Salary**. During the Employment Period, the Company shall pay Employee an annual base salary (as adjusted, the "Base Salary") of $300,000. The Base Salary shall be paid in approximately equal installments in accordance with the Company's customary payroll practices. The Base Salary for any partial year during the Employment Period will be pro-rated based upon the actual number of days Employee was employed by the Company during such year. Employee shall not be eligible to earn commissions under any commission plan maintained by the Company Group for its advisors, producers or other employees.

(b) **Bonus**.

(i) Bonus. For each calendar year during the Employment Period beginning with 2019, Employee shall be eligible to receive an annual bonus (the "Bonus") of up to 50% of the Base Salary for the year based on the success of the Company in achieving financial and/or non-financial targets, metrics, goals or other objectives for the year. The compensation committee of PubCo, in its sole discretion but with input from Employee, shall establish such targets, metrics or other goals or objectives, and shall also determine the weighting of the Bonus opportunity among such established targets, metrics or other goals or objectives (which may be equally weighted, or disproportionately weighted). Any financial targets or metrics (e.g., EBITDA targets) established by the Company shall be measured by the Company in its sole discretion in accordance with the normal accounting methods, principles and practices used by the Company (including (A) applicable adjustments that may be applied for extraordinary and non-recurring items, if any, (B) taking into account expenses allocated to the Company and its agencies in accordance with the expense allocation procedures of the Company amongst its operating divisions as in effect from time to time, and (C) in the case of any agency that is not a direct or indirect wholly-owned subsidiary of the Company, taking into account only the Company's pro-rata share of the revenues, EBITDA or other items of such agency, as applicable, based on the Company's percentage equity ownership thereof).

(ii) Bonus Payment Terms. The Bonus for a year, if earned under this Agreement, shall be paid to Employee within thirty (30) days after the Company's receipt of its final audited (if not available management prepared or externally reviewed statements) financial statements for the applicable year. Notwithstanding anything to the contrary in this Agreement, to receive any Bonus that is otherwise earned for a year, Employee must remain continuously employed by the Company until the date the Bonus is actually paid. Any earned Bonus will be paid in the form of (A) cash and/or (B) fully-vested shares of the Class A common stock (or other form of equity-based compensation award) of PubCo having an aggregate fair market value on the grant date equal to the amount of the Bonus being settled in equity-based compensation. The compensation committee of PubCo, in its sole discretion, shall determine such allocation between cash and stock (or other form of equity-based compensation award), and the fair market value thereof.

(c) **Equity**.

(i) The Management Incentive Units of the Company granted to Employee prior to the IPO Closing Date have been converted, effective prior to the IPO Closing Date, into (1) non-voting LLC Units of the Company (as defined in the Third Amended and Restated Limited Liability Company Agreement of the Company, dated on or around the IPO Closing Date) (as amended, the "Operating Agreement"), and (2) shares of the Class B common stock of PubCo, and are held pursuant to the terms of the Operating Agreement and a separate Restricted Unit Agreement.

(ii) During the Employment Period, Employee shall be eligible to participate in the BRP Group, Inc. Omnibus Incentive Plan (or any successor plan). The compensation committee of PubCo will determine in its sole discretion if and when Employee will be granted any awards under such plan, the type of awards granted, and the terms of such awards.

(d) **Participation in Benefit Plans**. During the Employment Period, Employee (and any eligible dependents) shall be eligible to participate in all employee benefit plans and programs maintained by the Company from time to time for its similarly situated senior management employees, or for its employees generally, including any life, medical, dental, accidental and disability insurance, and profit sharing, pension, retirement, savings, and deferred compensation plans, in each case subject to and in accordance with the generally applicable eligibility requirements, terms and conditions of such plan or program as in effect from time to time. Employee acknowledges that nothing in this Agreement obligates or requires the Company to offer any such plans or programs or prevents the Company from terminating or modifying any plan or program that it may from time to time offer, and the Company reserves the right to amend, modify or terminate any such plan or program in its sole discretion.

(e) **Expenses and Reimbursement.** During the Employment Period, the Company shall reimburse Employee for all ordinary and reasonable expenses incurred by him in the course of performing his duties and responsibilities under this Agreement, but only in a manner that is consistent with the Company's policies in effect from time to time with respect to travel and other business expenses, and subject to the Company's requirements with respect to reporting and documentation of such expenses (including preapproval of travel expenses) as well as its reimbursement practices.

(f) **Withholding.** The Company shall have the right to deduct from any payment made under this Agreement any amount necessary in order to permit the Company to satisfy its past, present or future withholding obligations for any federal, state or local income, employment or other tax with respect to the amounts payable under this Agreement, including to reimburse the Company for any such obligations that were funded by the Company.

(g) **Clawback.** Employee agrees that any incentive-based compensation and benefits provided by the Company under this Agreement or otherwise are subject to recoupment or clawback as required by law or under applicable stock exchange listing rules.

5. **Term and Termination.**

(a) Employee is an employee "at-will," and Employee's employment may be terminated by the Company for any reason or no reason, with or without cause, at any time by giving the Employee notice of the termination; provided, however, that in consideration for Employee entering into this Agreement, the Company agrees that Employee's employment may not be terminated by the Company prior to January 15, 2020 unless the Company is terminating Employee's employment for Cause (as defined in the BRP Group, Inc. Omnibus Incentive Plan); provided further that the Company may determine, in its sole discretion, to place Employee on paid leave prior to such date. Except as expressly provided in the preceding proviso, the terms of this Agreement do not and are not intended to create either an express or implied contract of employment with the Company for any particular period of time. Employee may terminate his employment with the Company by giving the Company at least one hundred twenty (120) days prior written notice of termination ("Notice Period"); provided that upon receipt of notice of termination from Employee, the Company may, in its sole discretion and without affecting the characterization of the termination of Employee's employment, terminate Employee's employment prior to the end of the Notice Period.

(b) Upon termination of Employee's employment for any reason, (i) the Company shall pay Employee's Base Salary that is accrued but unpaid through the date of employment termination (the "Termination Date"), (ii) the Company shall reimburse Employee pursuant to Section 4(e) for reasonable expenses incurred but not paid prior to such termination of employment; provided that Employee must submit those expenses for reimbursement within 30 days after the Termination Date, and (iii) Employee shall be entitled to receive any non-forfeitable benefits already earned and payable to Employee in accordance with the terms and provisions of any agreements, plans or programs of the Company. Except as otherwise expressly provided herein, Employee shall not be entitled to any other salary, bonuses, commission, employee benefits or compensation or payments of any kind from the Company or any of its affiliates after termination of his employment, and all of Employee's rights to salary, bonuses, commission, employee benefits and other compensation and payments of any kind hereunder which would have accrued or become payable after the Termination Date shall cease upon such Termination Date other than those expressly required under applicable law (including, without limitation, the Consolidated Omnibus Reconciliation Act, 29 U.S.C. § 1161 et. seq., as amended (COBRA)). Upon termination of Employee's employment for any reason, the effect of such termination on any outstanding equity-based compensation awards shall be governed by the applicable award agreement and related plan for such awards. The Company may offset any amounts Employee owes it against any amounts it owes Employee hereunder; provided, that the Company may not offset against nonqualified deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), except to the extent permitted by Section 409A of the Code. For the avoidance of doubt, but subject to the proviso in the first sentence of Section 5(a), it is the express intent of the Company and Employee that in no event shall Employee be entitled to receive any amounts upon a termination of Employee's employment other than the amounts expressly set forth in this Agreement.

(c) Employee acknowledges and agrees that BRP Colleague Inc., a Florida corporation and subsidiary of the Company ("BRP Colleague"), and the Company will be co-employers of Employee pursuant to an agreement between BRP Colleague and the Company, and in accordance with that agreement certain payments and benefits under this Agreement shall be provided by BRP Colleague instead of the Company. If such co-employment agreement between BRP Colleague and the Company terminates for any reason, then Employee agrees that his employment by BRP Colleague may terminate but his employment may continue with the Company. In such event, (i) BRP Colleague shall cease to be an employer of Employee for all purposes, and all liabilities and obligations of BRP Colleague as an employer of Employee shall terminate (except that such termination shall not affect the continuation of any outstanding obligation or liability incurred by BRP Colleague prior thereto), (ii) for the avoidance of doubt, Employee's employment shall not be considered terminated for purposes of this Agreement, and neither BRP Colleague nor the Company shall owe severance payments or benefits to Employee by reason thereof, and (iii) this Agreement, as modified in accordance with clause (i) above, shall remain in full force and effect as an agreement between the Company and Employee. The Company shall provide written notice to Employee if the co-employment agreement between BRP Colleague and the Company terminates.

(d) If Employee's employment with the Company terminates for any reason, Employee shall be deemed to have resigned from all positions that Employee holds as an officer, director or other service provider or representative of PubCo or any other member of the Company Group.

6. **Purchase of Life Insurance.** Employee agrees that the Company has an insurable interest in Employee, and the Company will have the right, at the Company's expense, to purchase life insurance on the life of Employee and payable to the Company or its assigns.

7. **Defend Trade Secrets Act.** Notwithstanding anything in this Agreement or otherwise to the contrary, pursuant to the Defend Trade Secrets Act of 2016, the parties acknowledge and agree that Employee shall not have criminal or civil liability under any Federal or state trade secret law for the disclosure of any trade secret that is made (a) (i) in confidence to a Federal, state or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and may use the trade secret information in the court proceeding; provided that Employee (x) files any document containing the trade secret under seal and (y) does not disclose the trade secret, except pursuant to court order.

8. **Whistleblower Protection.** Notwithstanding anything in this Agreement or otherwise to the contrary, it is understood that Employee has the right under Federal law to certain protections for cooperating with or reporting legal violations to the Securities and Exchange Commission (the "SEC") and/or its Office of the Whistleblower, as well as certain other governmental authorities and self-regulatory organizations, and as such, nothing in this Agreement is intended to prohibit Employee from

disclosing this Agreement to, or from cooperating with or reporting violations to, the SEC or any other such governmental authority or self-regulatory organization, and Employee may do so without notifying the Company. The Company may not retaliate against Employee for any of these activities, and nothing in this Agreement or otherwise would require Employee to waive any monetary award or other payment that Employee might become entitled to from the SEC or any other governmental authority.

9. **Restrictive Covenants Agreement.** Effective on the IPO Closing Date, Employee agrees to also enter into an amended and restated restrictive covenants agreement with the Company in its standard form for executive officers and senior management, a copy of which is attached hereto as **Exhibit A** (the "Restrictive Covenants Agreement").

10. **Protection of Company Property.** Employee shall not, at all times during his employment, except to the extent expressly authorized by the Company, and thereafter, use or permit others to use materials, equipment, software, electronic media or other Company Group property for personal purposes. Upon termination of Employee's employment with the Company, Employee will deliver to the Company all property belonging to the Company Group 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 Group.

11. **Corporate Opportunity.** During the Employment Period and except as otherwise expressly provided for in this Agreement, Employee shall submit to the Company all business, commercial and investment opportunities or offers presented to Employee or of which Employee becomes aware which relate to the areas of business engaged in by the Company Group ("Corporate Opportunities"). Unless approved by the Company, Employee shall not accept or pursue, directly or indirectly, any Corporate Opportunities on Employee's own behalf.

12. **Non-Disparagement.** During the Employment Period and thereafter, except as may be required by applicable law: (a) Employee shall not, directly or indirectly through another person or entity, make any negative or disparaging statements or communications in any form or media, or take any other action in disparagement of, the Company Group or any of the Company Group's respective past and present investors, officers, managers or employees, and (b) the Company shall direct its executives not to, directly or indirectly through another person or entity, make any negative or disparaging statements or communications in any form or media, or take any other action in disparagement of Employee. For this purpose, the Company's executives are limited to the C-level executives of the Company and PubCo.

13. **Employee's Representations; Indemnification.** Employee hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by Employee does not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Employee is a party or by which he is bound, including, without limitation, any agreement with any former employer, (ii) Employee is not subject to any noncompetition, nonsolicitation, nonacceptance, nondisclosure or any similar restrictive covenant in favor of any former employer or other insurance agency which will prevent Employee's future performance hereunder, and (iii) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of Employee, enforceable in accordance with its terms. Employee hereby acknowledges and represents that (x) he has consulted with independent legal counsel regarding his rights and obligations under this Agreement, (y) he fully understands the terms and conditions contained herein, and (z) the agreements herein are reasonable and necessary for the protection of the Company and are an essential inducement to the Company to enter into this Agreement. Employee will indemnify and hold harmless the Company, and its representatives, members, managers, officers, and affiliates (collectively, the "Company Indemnified Persons"), and will reimburse the Company Indemnified Persons, for any and all losses, liabilities, claims, obligations, costs, payments, charges, assessments, penalties, diminution in value, damages, and expenses (including costs of investigation and defense and reasonable attorneys' fees and expenses), whether involving a third-party claim or not, arising from or related to any breach of any covenant, representation or warranty made by Employee under this Section 13.

14. **Survival.** Sections 4(f) and (g) and 5 through 27 herein shall survive and continue in full force in accordance with their terms, notwithstanding the expiration or termination of the Employment Period.

15. **Notices.** Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, sent by reputable overnight courier service, or sent by facsimile or email transmission, to the recipient at the address below indicated:

In the case of Employee, to him at the most recent address set forth in the payroll records of the Company, or by email at hale.bradford@gmail.com.

In the case of the Company, to:

c/o Baldwin Risk Partners, LLC
4010 Boy Scout Boulevard, Suite 200
Tampa, Florida 33607
Attn: Trevor Baldwin or Kris Wiebeck
Facsimile: (813) 984-3201
Email: tbaldwin@bks-partners.com or kwiebeck@bks-partners.com

Or, in each case, such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Agreement shall be deemed to have been given when so delivered, sent or mailed.

16. **Severability.** Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any action in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

17. **Complete Agreement.** Subject to Section 27, this Agreement embodies the complete agreement and understanding among the parties and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way, including the Prior Employment Agreement.

18. **No Strict Construction.** The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

19. **Counterparts; Facsimile.** This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement. This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or a scan or pdf attachment to an email, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

20. **Successors and Assigns.** Employee shall not assign his rights or delegate any of his obligations under this Agreement, and any attempted assignment or delegation by Employee will be invalid and ineffective against the Company. The Company may assign its rights and obligations under this Agreement without Employee's consent to any (i) assignee or successor in interest of its business, whether pursuant to a sale, merger, contribution of its assets and liabilities, or sale or exchange of all or substantially all the assets or outstanding capital stock or other equity interests of the Company or otherwise or (ii) affiliate. This Agreement is binding on, and inures to the benefit of the Company's authorized assignees and successors. Upon assignment of the Company's rights under this Agreement, (a) every reference in this Agreement to the "Company" will include the assignee or successor and (b) if the assignee or successor assumes in writing or by operation of law all future liabilities of the assignor

generally or under this Agreement specifically, the assignor will be released from such obligations to Employee under this Agreement. Employee expressly agrees that this Agreement shall be enforceable by the assignee, as well as by any third-party beneficiary or entity affiliated with the Company, through common ownership or otherwise.

21. **Choice of Law.** This Agreement 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. Employee 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.

22. **Headings.** Descriptive headings are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

23. **Amendment and Waiver.** The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and Employee, and no course of conduct or course of dealing or failure or delay by any party hereto in enforcing or exercising any of the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement or be deemed to be an implied waiver of any provision of this Agreement. In addition, the waiver by a party of a breach of any provision of this Agreement will not constitute a waiver of any succeeding breach of the provision or a waiver of the provision itself.

24. **Cooperation.** Employee agrees to cooperate with the Company, at the Company's expense, during the Employment Period and thereafter (including following termination of Employee's employment for any reason) by making himself reasonably available to testify on behalf of the Company or its affiliates, in any action, suit or proceeding, whether civil, criminal, administrative, or investigation, and to assist the Company or any of its affiliates in any such action, suit, or proceeding by providing information and meeting and consulting with its counsel and representatives. In the event such cooperation is required more than two (2) years after termination of Employee's employment for any reason, the Company and Employee shall agree upon a reasonable hourly rate to be provided to Employee in the event the Company requires more than *de minimis* assistance. Employee hereby covenants and agrees to testify truthfully in any and all such litigation, arbitrations, government or administrative proceedings.

25. **WAIVER OF TRIAL BY JURY**. EACH OF THE PARTIES TO THIS AGREEMENT IRREVOCABLY AND UNCONDITIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING HEREBY, OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT OF THIS AGREEMENT.

EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE HAS CAREFULLY READ THIS AGREEMENT, WAS AFFORDED SUFFICIENT OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL OF EMPLOYEE'S CHOICE AND TO ASK QUESTIONS AND RECEIVE SATISFACTORY ANSWERS REGARDING THIS AGREEMENT, UNDERSTANDS EMPLOYEE'S RIGHTS AND OBLIGATIONS UNDER IT, AND SIGNED IT OF EMPLOYEE'S OWN FREE WILL AND VOLITION.

26. **Section 409A.** It is intended that this Agreement will comply with Section 409A of the Code (and any regulations and guidelines issued thereunder), to the extent the Agreement is subject thereto, and the Agreement shall be interpreted on a basis consistent with such intent. Notwithstanding any provision to the contrary in this Agreement, if Employee is deemed on the date of his "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)) to be a "specified employee" (within the meaning of Treas. Reg. Section 1.409A-1(i)), then with regard to any payment 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 (i) the expiration of the six (6)-month period measured from the date of Employee's "separation from service," or (ii) the date of Employee's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments delayed pursuant to this Section 26 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid to Employee in a lump sum and any remaining payments due under this Agreement shall be paid in accordance with the normal payment dates specified for them herein. Notwithstanding any provision of this Agreement to the contrary, to the extent required to comply with Section 409A of the Code or an exemption thereto, for purposes of determining Employee's entitlement to any compensation payable upon his termination of employment, Employee's employment will be deemed to have terminated on the date of Employee's "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)) with the Company. Whenever payments under this Agreement are to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A of the Code. No action or failure to act, pursuant to this Section 26 shall subject the Company to any claim, liability, or expense, and the Company shall not have any obligation to indemnify or otherwise protect Employee from the obligation to pay any taxes pursuant to Section 409A of the Code. With respect to any reimbursement or in-kind benefit arrangements of the Company that constitute deferred compensation for purposes of Section 409A of the Code, the following conditions shall be applicable: (i) the amount eligible for reimbursement, or in-kind benefits provided, under any such arrangement in one calendar year may not affect the amount eligible for reimbursement, or in-kind benefits to be provided, under such arrangement in any other calendar year (except that the health and dental plans may impose a limit on the amount that may be reimbursed or paid if such limit is imposed on all participants), (ii) any reimbursement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (iii) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

27. **Effectiveness**. This Agreement shall be effective on the IPO Closing Date (contingent on the closing of such initial public offering and Employee's continued employment with the Company through the IPO Closing Date), and prior to the IPO Closing Date the Prior Employment Agreement shall be unmodified and remain in full force and effect. If the IPO Closing Date does not occur for any reason, then this Agreement shall be null and void, and the Prior Employment Agreement shall be unmodified and remain in full force and effect. If this Agreement becomes effective on the IPO Closing Date, then Employee shall have earned the IPO Bonus (as defined in the Prior Employment Agreement) and it shall be paid to him in accordance with the terms thereof.

***[Signature Page Follows]***

The parties hereto have executed this Employment Agreement to be effective as of the date first written above.

**COMPANY**

BALDWIN RISK PARTNERS, LLC, a Delaware limited liability company

By: /s/ Trevor L. Baldwin
Name: Trevor L. Baldwin
Title: Chief Executive Officer

**EMPLOYEE**

/s/ Bradford L. Hale
Name: Bradford L. Hale

*Signature page to Amended and Restated Employment Agreement -- Hale*

**EXHIBIT A**

Restrictive Covenants Agreement

[Attached]

**AMENDMENT #1**
**TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

This **AMENDMENT #1 TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT** (this "Amendment") is effective as of March 23, 2020, by and between BALDWIN RISK PARTNERS, LLC, a Delaware limited liability company (the "Company"), and Bradford L. Hale ("Employee").

**BACKGROUND**

The Company employs Employee pursuant to that certain Amended and Restated Employment Agreement by and between the Company and Employee (the "Employment Agreement"), which became effective as of the IPO Closing Date (as defined in the Employment Agreement).

The Company and Employee desire to amend the Employment Agreement on the terms set forth herein effective as of the date first written above.

**OPERATIVE TERMS**

The parties agree as follows:

1. The first sentence of Section 4(b)(i) of the Employment Agreement is hereby amended and restated as follows:

"For each calendar year during the Employment Period beginning with 2020, Employee shall be eligible to receive an annual bonus (the "Bonus") with a target amount equal to at least 50% of the Base Salary for the year based on the success of the Company in achieving financial and/or non-financial targets, metrics, goals or other objectives for the year."

2. Except as otherwise expressly provided herein, the Employment Agreement shall remain in full force and effect.

***[Signature Page Follows]***

The parties hereto have executed this Amendment to be effective as of the date first written above.

**COMPANY**

BALDWIN RISK PARTNERS, LLC, a Delaware limited liability company

By: /s/ Chris Stephens
Name: Chris Stephens
Title: General Counsel

**EMPLOYEE**

/s/ Bradford L. Hale
Name: Bradford L. Hale

*Signature page to Amendment #1 to Amended and Restated Employment Agreement -- Hale*

**AMENDMENT #2**
**TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

This **AMENDMENT #2 TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT** (this "Amendment") is effective as of April 1, 2021, by and between BALDWIN RISK PARTNERS, LLC, a Delaware limited liability company (the "Company"), and Bradford L. Hale ("Employee").

**BACKGROUND**

The Company employs Employee pursuant to that certain Amended and Restated Employment Agreement by and between the Company and Employee (the "Employment Agreement"), which became effective as of the IPO Closing Date (as defined in the Employment Agreement), as amended by that certain Amendment #1, effective as of March 23, 2020 ("Amendment #1" and together with the Employment Agreement, the "Amended Employment Agreement").

The Company and Employee desire to amend the Amended Employment Agreement on the terms set forth herein effective as of the date first written above.

**OPERATIVE TERMS**

The parties agree as follows:

1. Section 2(a) of the Amended Employment Agreement is hereby amended and restated as follows:

"During the Employment Period, Employee shall serve as Chief Financial Officer of the Company and PubCo, and shall have those powers and duties normally and customarily associated with his position in entities comparable to the Company and PubCo and such other powers and duties as may be reasonably prescribed by the Company or PubCo, subject to the power and authority of each of the Company or PubCo to modify such duties, responsibilities, functions and authority from time to time in its sole discretion."

2. Section 2(b) of the Amended Employment Agreement is hereby amended and restated as follows:

"During the Employment Period, Employee shall report to the Chief Executive Officer of the Company and PubCo, positions which are currently held by Trevor Baldwin or other person as determined by the Company or PubCo from time to time, and shall devote his best efforts and his full business time and attention (except for permitted vacation periods and reasonable periods of illness or other incapacity) to the business and affairs of PubCo, the Company and their current and future, direct and indirect, subsidiaries, affiliates, joint ventures and other related entities (the "Company Group")."

3. Except as otherwise expressly provided herein, the Amended Employment Agreement shall remain in full force and effect.

[*Signature Page Follows*]

The parties hereto have executed this Amendment to be effective as of the date first written above.

**COMPANY**

BALDWIN RISK PARTNERS, LLC, a Delaware limited liability company

By: /s/ Trevor Baldwin
Name: Trevor Baldwin
Title: Chief Executive Officer

**EMPLOYEE**

/s/ Bradford L. Hale
Name: Bradford L. Hale

*Signature page to Amendment #2 to Amended and Restated Employment Agreement - Hale*

**AMENDMENT #1**
**TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

This **AMENDMENT #1 TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT** (this "Amendment") is effective as of April 1, 2021, by and between BALDWIN RISK PARTNERS, LLC, a Delaware limited liability company (the "Company"), and Kris Wiebeck ("Employee").

**BACKGROUND**

The Company employs Employee pursuant to that certain Amended and Restated Employment Agreement by and between the Company and Employee (the "Employment Agreement"), which became effective as of the IPO Closing Date (as defined in the Employment Agreement).

The Company and Employee desire to amend the Employment Agreement on the terms set forth herein effective as of the date first written above.

**OPERATIVE TERMS**

The parties agree as follows:

1. Section 2(a) of the Employment Agreement is hereby amended and restated as follows:

"During the Employment Period, Employee shall serve as Chief Strategy Officer of the Company and PubCo, and shall have those powers and duties normally and customarily associated with his position in entities comparable to the Company and PubCo and such other powers and duties as may be reasonably prescribed by the Company or PubCo, subject to the power and authority of each of the Company or PubCo to modify such duties, responsibilities, functions and authority from time to time in its sole discretion."

2. Except as otherwise expressly provided herein, the Employment Agreement shall remain in full force and effect.

[*Signature Page Follows*]

The parties hereto have executed this Amendment to be effective as of the date first written above.

**COMPANY**

BALDWIN RISK PARTNERS, LLC, a Delaware limited liability company

By: /s/ Trevor Baldwin
Name: Trevor Baldwin
Title: Chief Executive Officer

**EMPLOYEE**

/s/ Kris Wiebeck
Name: Kris Wiebeck

*Signature page to Amendment #1 to Amended and Restated Employment Agreement - Wiebeck*

# EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (this "Agreement") is effective as of the April 1, 2021 (the "Effective Date"), by and between BALDWIN RISK PARTNERS, LLC, a Delaware limited liability company (the "Company"), and Corbyn Galloway ("Employee").

## BACKGROUND

The Company is a subsidiary of BRP Group, Inc., a Delaware corporation ("PubCo"), and serves as a holding company that owns interests in subsidiaries and joint ventures that own and operate insurance agencies.

The Company currently employs Employee pursuant to the terms on an Offer Letter, dated May 1, 2019 (the "Offer Letter").

The Company and Employee desire to enter into this Agreement, which shall supersede in all respects the terms of the Offer Letter, effective as of the Effective Date.

## OPERATIVE TERMS

The parties agree as follows:

1. **Employment.** The Company shall continue to employ Employee, and Employee hereby accepts continued employment with the Company, upon the terms and conditions set forth in this Agreement for the period beginning on the Effective Date and ending as provided in Section 5 hereof (the "Employment Period").

2. **Position and Duties.**

(a) **Title and Duties.** During the Employment Period, Employee shall serve as Chief Accounting Officer of the Company and Pubco, and shall have those powers and duties normally and customarily associated with such position in entities comparable to the Company and PubCo and such other powers and duties as may be reasonably prescribed by the Company or PubCo, subject to the power and authority of each of the Company or PubCo to modify such duties, responsibilities, functions and authority from time to time in its sole discretion.

(b) **Management.** During the Employment Period, Employee shall report to the Chief Financial Officer of the Company and PubCo, positions which will be held as of the Effective Date by Bradford Hale or other person as determined by the Company or PubCo from time to time, and shall devote her best efforts and her full business time and attention (except for permitted vacation periods and reasonable periods of illness or other incapacity) to the business and affairs of PubCo, the Company and their current and future, direct and indirect, subsidiaries, affiliates, joint ventures and other related entities (the "Company Group").

(c) **Employee's Efforts.** Employee shall perform her duties, responsibilities and functions for the Company and PubCo to the best of her abilities in a diligent, trustworthy, businesslike and efficient manner and shall comply with the Company's and PubCo's policies and procedures as may be in effect from time to time. During the Employment Period, Employee shall not serve as an officer or director of, or otherwise perform services (for compensation or otherwise), any other entity without the prior written consent of the Company; provided that Employee may manage her own investments, including, without limitation, any rental properties, and also serve as an officer or director of, or otherwise participate in, purely educational, welfare, social, religious or civic organizations, so long as such activities do not interfere with Employee's duties and responsibilities for the Company and PubCo.

3. **Place of Performance**. The principal place of employment of Employee shall be at the Company's executive offices in Tampa, Florida; provided that the Employee shall be required to travel on Company or PubCo business from time to time during the Employment Period.

4. **Compensation and Related Matters.**

(a) **Base Salary**. During the Employment Period, the Company shall pay Employee an annual base salary (as adjusted, the "Base Salary") of $220,000. The Base Salary shall be paid in approximately equal installments in accordance with the Company's customary payroll practices. The Base Salary for any partial year during the Employment Period will be pro-rated based upon the actual number of days Employee was employed by the Company in such role during such year. Employee shall not be eligible to earn commissions under any commission plan maintained by the Company Group for its advisors, producers or other employees.

(b) **Bonus**.

(i) Bonus. For each calendar year during the Employment Period beginning with 2021, Employee shall be eligible to receive an annual bonus (the "Bonus") with a target amount equal to at least 50% of the Base Salary for the year based on the success of the Company in achieving financial and/or non-financial targets, metrics, goals or other objectives for the year. The Bonus, if any, for any partial year during the Employment Period will be pro-rated based upon the actual number of days Employee was employed by the Company as the Chief Accounting Officer during such year. The compensation committee of PubCo, in its sole discretion but with input from Employee, shall establish such targets, metrics or other goals or objectives, and shall also determine the weighting of the Bonus opportunity among such established targets, metrics or other goals or objectives (which may be equally weighted, or disproportionately weighted). Any financial targets or metrics (e.g., EBITDA targets) established by the Company shall be measured by the Company in its sole discretion in accordance with the normal accounting methods, principles and practices used by the Company (including (A) applicable adjustments that may be applied for extraordinary and non-recurring items, if any, (B) taking into account expenses allocated to the Company and its agencies in accordance with the expense allocation procedures of the Company amongst its operating divisions as in effect from time to time, and (C) in the case of any agency that is not a direct or indirect wholly-owned subsidiary of the Company, taking into account only the Company's pro-rata share of the revenues, EBITDA or other items of such agency, as applicable, based on the Company's percentage equity ownership thereof).

(ii) Bonus Payment Terms. The Bonus for a year, if earned under this Agreement, shall be paid to Employee within thirty (30) days after the Company's receipt of its final audited (if not available management prepared or externally reviewed statements) financial statements for the applicable year. Notwithstanding anything to the contrary in this Agreement, to receive any Bonus that is otherwise earned for a year, Employee must remain continuously employed by the Company until the date the Bonus is actually paid. Any earned Bonus will be paid in the form of (A) cash and/or (B) fully-vested shares of the Class A common stock (or other form of equity-based compensation award) of PubCo having an aggregate fair market value on the grant date equal to the amount of the Bonus being settled in equity-based compensation. The compensation committee of PubCo, in its sole discretion, shall determine such allocation between cash and stock (or other form of equity-based compensation award), and the fair market value thereof.

(c) **Equity**. During the Employment Period, Employee shall be eligible to participate in the BRP Group, Inc. Omnibus Incentive Plan (or any successor plan) (the "Plan"). The compensation committee of PubCo will determine in its sole discretion if and when Employee will be granted any awards under such plan, the type of awards granted, and the terms of such awards. On or around the Effective Date, the Company shall make a recommendation to the Board of Directors (or compensation committee thereof) of PubCo to issue a one-time award (the "Award") of 10,000 shares of restricted Class A common stock of PubCo under the Plan. If approved by the Board of Directors in its sole and absolute discretion, the Award will be issued within ninety (90) days of the Effective Date, subject to the terms, conditions and restrictions of the Plan and a separate restricted stock award agreement promulgated by PubCo, which will include (in addition to other terms, conditions and restrictions that are standard for its restricted stock awards) the Award vesting ratably over a four (4) year period (one quarter per year), beginning on the first anniversary of the Effective Date, subject to Employee's continued service through each vesting date. The vesting details of the Award shall be stated in the Restricted Stock Award Agreement.

(d) **Participation in Benefit Plans**. During the Employment Period, Employee (and any eligible dependents) shall be eligible to participate in all employee benefit plans and programs maintained by the Company from time to time for its similarly situated senior management employees, or for its employees generally, including any life, medical, dental, accidental and disability insurance, and profit sharing, pension, retirement, savings, and deferred compensation plans, in each case subject to and in accordance with the generally applicable eligibility requirements, terms and conditions of such plan or program as in effect from time to time. Employee acknowledges that nothing in this Agreement obligates or requires the Company to offer any such plans or programs or prevents the Company from terminating or modifying any plan or program that it may from time to time offer, and the Company reserves the right to amend, modify or terminate any such plan or program in its sole discretion.

(e) **Expenses and Reimbursement.** During the Employment Period, the Company shall reimburse Employee for all ordinary and reasonable expenses incurred by her in the course of performing her duties and responsibilities under this Agreement, but only in a manner that is consistent with the Company's policies in effect from time to time with respect to travel and other business expenses, and subject to the Company's requirements with respect to reporting and documentation of such expenses (including preapproval of travel expenses) as well as its reimbursement practices.

(f) **Withholding.** The Company shall have the right to deduct from any payment made under this Agreement any amount necessary in order to permit the Company to satisfy its past, present or future withholding obligations for any federal, state or local income, employment or other tax with respect to the amounts payable under this Agreement, including to reimburse the Company for any such obligations that were funded by the Company.

(g) **Clawback.** Employee agrees that any incentive-based compensation and benefits provided by the Company under this Agreement or otherwise are subject to recoupment or clawback (i) under any applicable PubCo or Company clawback or recoupment policy that is generally applicable to PubCo's and the Company's executives, as may be in effect from time to time, or (ii) as required by law or under applicable stock exchange listing rules.

(h) **Paid Time Off.** During the Employment Period, the Employee shall be entitled to unlimited paid time off (PTO), subject to the Company's standard policies for unlimited PTO in effect from time to time, which policies are subject to change at any time or from time to time in the sole discretion of the Company.

5. **Term and Termination.**

(a) Employee is an employee "at-will," and Employee's employment may be terminated by the Company for any reason or no reason, with or without cause, at any time by giving the Employee notice of the termination. The terms of this Agreement do not and are not intended to create either an express or implied contract of employment with the Company for any particular period of time. Employee may terminate her employment with the Company at any time by giving the Company at least ninety (90) days prior written notice of termination ("Notice Period"); provided that upon receipt of notice of termination from Employee, the Company may, in its sole discretion and without affecting the characterization of the termination of Employee's employment, terminate Employee's employment prior to the end of the Notice Period.

(b) Upon termination of Employee's employment for any reason, (i) the Company shall pay Employee's Base Salary that is accrued but unpaid through the date of employment termination (the "Termination Date"), (ii) the Company shall reimburse Employee pursuant to Section 4(e) for reasonable expenses incurred but not paid prior to such termination of employment; provided that Employee must submit those expenses for reimbursement within 30 days after the Termination Date, and (iii) Employee shall be entitled to receive any non-forfeitable benefits already earned and payable to Employee in accordance with the terms and provisions of any agreements, plans or programs of the Company. Except as otherwise expressly provided herein, Employee shall not be entitled to any other salary, bonuses, commission, employee benefits or compensation or payments of any kind from the Company or any of its affiliates after termination of her employment, and all of Employee's rights to salary, bonuses, commission, employee benefits and other compensation and payments of any kind hereunder which would have accrued or become payable after the Termination Date shall cease upon such Termination Date other than those expressly required under applicable law (including, without limitation, the Consolidated Omnibus Reconciliation Act, 29 U.S.C. § 1161 et. seq., as amended (COBRA)). Upon termination of Employee's employment for any reason, the effect of such termination on any outstanding equity-based compensation awards shall be governed by the applicable award agreement and related plan for such awards. The Company may offset any amounts Employee owes it against any amounts it owes Employee hereunder; provided, that the Company may not offset against nonqualified deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), except to the extent permitted by Section 409A of the Code. For the avoidance of doubt, it is the express intent of the Company and Employee that in no event shall Employee be entitled to receive any amounts upon a termination of Employee's employment other than the amounts expressly set forth in this Agreement.

(c) Employee acknowledges and agrees that BRP Colleague Inc., a Florida corporation and subsidiary of the Company ("BRP Colleague"), and the Company will be co-employers of Employee pursuant to an agreement between BRP Colleague and the Company, and in accordance with that agreement certain payments and benefits under this Agreement shall be provided by BRP Colleague instead of the Company. If such co-employment agreement between BRP Colleague and the Company terminates for any reason, then Employee agrees that her employment by BRP Colleague may terminate but her employment may continue with the Company. In such event, (i) BRP Colleague shall cease to be an employer of Employee for all purposes, and all liabilities and obligations of BRP Colleague as an employer of Employee shall terminate (except that such termination shall not affect the continuation of any outstanding obligation or liability incurred by BRP Colleague prior thereto), (ii) for the avoidance of doubt, Employee's employment shall not be considered terminated for purposes of this Agreement, and neither BRP Colleague nor the Company shall owe severance payments or benefits to Employee by reason thereof, and (iii) this Agreement, as modified in accordance with clause (i) above, shall remain in full force and effect as an agreement between the Company and Employee. The Company shall provide written notice to Employee if the co-employment agreement between BRP Colleague and the Company terminates.

(d) If Employee's employment with the Company terminates for any reason, Employee shall be deemed to have resigned from all positions that Employee holds as an officer, director or other service provider or representative of PubCo or any other member of the Company Group.

6. **Purchase of Life Insurance.** Employee agrees that the Company has an insurable interest in Employee, and the Company will have the right, at the Company's expense, to purchase life insurance on the life of Employee and payable to the Company or its assigns.

7. **Defend Trade Secrets Act.** Notwithstanding anything in this Agreement or otherwise to the contrary, pursuant to the Defend Trade Secrets Act of 2016, the parties acknowledge and agree that Employee shall not have criminal or civil liability under any Federal or state trade secret law for the disclosure of any trade secret that is made (a) (i) in confidence to a Federal, state or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and may use the trade secret information in the court proceeding; provided that Employee (x) files any document containing the trade secret under seal and (y) does not disclose the trade secret, except pursuant to court order.

8. **Whistleblower Protection.** Notwithstanding anything in this Agreement or otherwise to the contrary, it is understood that Employee has the right under Federal law to certain protections for cooperating with or reporting legal violations to the Securities and Exchange Commission (the "SEC") and/or its Office of the Whistleblower, as well as certain other governmental authorities and self-regulatory organizations, and as such, nothing in this Agreement is intended to prohibit Employee from

disclosing this Agreement to, or from cooperating with or reporting violations to, the SEC or any other such governmental authority or self-regulatory organization, and Employee may do so without notifying the Company. The Company may not retaliate against Employee for any of these activities, and nothing in this Agreement or otherwise would require Employee to waive any monetary award or other payment that Employee might become entitled to from the SEC or any other governmental authority.

9. **Restrictive Covenants Agreement.** Effective on the Effective Date, Employee agrees to also enter into a restrictive covenants agreement with the Company in its standard form for executive officers and senior management, a copy of which is attached hereto as **Exhibit A** (the "Restrictive Covenants Agreement"). Employee specifically acknowledges that, but for her agreement to be bound by the terms and conditions of the Restrictive Covenants Agreement and this Agreement, the Company would not have made a recommendation to the Board of Directors (or compensation committee thereof) of PubCo to issue Employee 5,000 shares of Class A common stock of PubCo.

10. **Protection of Company Property.** Employee shall not, at all times during her employment, except to the extent expressly authorized by the Company, and thereafter, use or permit others to use materials, equipment, software, electronic media or other Company Group property for personal purposes. Upon termination of Employee's employment with the Company, Employee will deliver to the Company all property belonging to the Company Group 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 Group.

11. **Corporate Opportunity.** During the Employment Period and except as otherwise expressly provided for in this Agreement, Employee shall submit to the Company all business, commercial and investment opportunities or offers presented to Employee or of which Employee becomes aware which relate to the areas of business engaged in by the Company Group ("Corporate Opportunities"). Unless approved by the Company, Employee shall not accept or pursue, directly or indirectly, any Corporate Opportunities on Employee's own behalf.

12. **Non-Disparagement.** During the Employment Period and thereafter, except as may be required by applicable law: (a) Employee shall not, directly or indirectly through another person or entity, make any negative or disparaging statements or communications in any form or media, or take any other action in disparagement of, the Company Group or any of the Company Group's respective past and present investors, officers, managers or employees, and (b) the Company shall direct its executives not to, directly or indirectly through another person or entity, make any negative or disparaging statements or communications in any form or media, or take any other action in disparagement of Employee. For this purpose, the Company's executives are limited to the C-level executives of the Company and PubCo.

13. **Employee's Representations; Indemnification.** Employee hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by Employee does not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Employee is a party or by which he is bound, including, without limitation, any agreement with any former employer, (ii) Employee is not subject to any noncompetition, nonsolicitation, nonacceptance, nondisclosure or any similar restrictive covenant in favor of any former employer or other insurance agency which will prevent Employee's future performance hereunder, and (iii) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of Employee, enforceable in accordance with its terms. Employee hereby acknowledges and represents that (x) he has consulted with independent legal counsel regarding her rights and obligations under this Agreement, (y) he fully understands the terms and conditions contained herein, and (z) the agreements herein are reasonable and necessary for the protection of the Company and are an essential inducement to the Company to enter into this Agreement. Employee will indemnify and hold harmless the Company, and its representatives, members, managers, officers, and affiliates (collectively, the "Company Indemnified Persons"), and will reimburse the Company Indemnified Persons, for any and all losses, liabilities, claims, obligations, costs, payments, charges, assessments, penalties, diminution in value, damages, and expenses (including costs of investigation and defense and reasonable attorneys' fees and expenses), whether involving a third-party claim or not, arising from or related to any breach of any covenant, representation or warranty made by Employee under this Section 13.

14. **Survival.** Sections 4(f) and (g) and 5 through 26 herein shall survive and continue in full force in accordance with their terms, notwithstanding the expiration or termination of the Employment Period.

15. **Notices.** Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, sent by reputable overnight courier service, or sent by facsimile or email transmission, to the recipient at the address below indicated:

In the case of Employee, to her at the most recent address set forth in the payroll records of the Company, or by email at corbyngalloway@gmail.com.

In the case of the Company, to:

c/o Baldwin Risk Partners, LLC
4211 Boy Scout Boulevard, Suite 800
Tampa, Florida 33607
Attn: Trevor Baldwin or Kris Wiebeck
Facsimile: (813) 984-3201
Email: tbaldwin@bks-partners.com or kwiebeck@bks-partners.com

Or, in each case, such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Agreement shall be deemed to have been given when so delivered, sent or mailed.

16. **Severability.** Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any action in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

17. **Complete Agreement.** This Agreement embodies the complete agreement and understanding among the parties and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way, including the Offer Letter; provided that, the following agreements previously executed by Employee shall continue in full force and effect: the Smart Phone Reimbursement Agreement, dated May 28, 2019, attached hereto as **Exhibit B**; the Restricted Stock Award Agreement, dated October 28, 2019, attached hereto as **Exhibit C**; and the Restricted Stock Award Agreement, dated October 1, 2020, attached hereto as **Exhibit D**. In the event the terms of such agreements conflict with this Agreement, the terms of this Agreement shall prevail.

18. **No Strict Construction.** The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

19. **Counterparts; Facsimile.** This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement. This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or a scan or pdf attachment to an email, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

20. **Successors and Assigns.** Employee shall not assign her rights or delegate any of her obligations under this Agreement, and any attempted assignment or delegation by Employee will be invalid and ineffective against the Company. The Company may assign its rights and obligations under this Agreement without Employee's consent to any (i) assignee or successor in interest of its business, whether pursuant to a sale, merger, contribution of its assets and liabilities, or sale or exchange of all or

substantially all the assets or outstanding capital stock or other equity interests of the Company or otherwise or (ii) affiliate. This Agreement is binding on, and inures to the benefit of the Company's authorized assignees and successors. Upon assignment of the Company's rights under this Agreement, (a) every reference in this Agreement to the "Company" will include the assignee or successor and (b) if the assignee or successor assumes in writing or by operation of law all future liabilities of the assignor generally or under this Agreement specifically, the assignor will be released from such obligations to Employee under this Agreement. Employee expressly agrees that this Agreement shall be enforceable by the assignee, as well as by any third-party beneficiary or entity affiliated with the Company, through common ownership or otherwise.

21. **Choice of Law.** This Agreement 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. Employee 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.

22. **Headings.** Descriptive headings are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

23. **Amendment and Waiver.** The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and Employee, and no course of conduct or course of dealing or failure or delay by any party hereto in enforcing or exercising any of the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement or be deemed to be an implied waiver of any provision of this Agreement. In addition, the waiver by a party of a breach of any provision of this Agreement will not constitute a waiver of any succeeding breach of the provision or a waiver of the provision itself.

24. **Cooperation.** Employee agrees to cooperate with the Company, at the Company's expense, during the Employment Period and thereafter (including following termination of Employee's employment for any reason) by making herself reasonably available to testify on behalf of the Company or its affiliates, in any action, suit or proceeding, whether civil, criminal, administrative, or investigation, and to assist the Company or any of its affiliates in any such action, suit, or proceeding by providing information and meeting and consulting with its counsel and representatives. In the event such cooperation is required more than two (2) years after termination of Employee's employment for any reason, the Company and Employee shall agree upon a reasonable hourly rate to be provided to Employee in the event the Company requires more than *de minimis* assistance. Employee hereby covenants and agrees to testify truthfully in any and all such litigation, arbitrations, government or administrative proceedings.

25. **WAIVER OF TRIAL BY JURY**. EACH OF THE PARTIES TO THIS AGREEMENT IRREVOCABLY AND UNCONDITIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING HEREBY, OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT OF THIS AGREEMENT.

EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE HAS CAREFULLY READ THIS AGREEMENT, WAS AFFORDED SUFFICIENT OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL OF EMPLOYEE'S CHOICE AND TO ASK QUESTIONS AND RECEIVE SATISFACTORY ANSWERS REGARDING THIS AGREEMENT, UNDERSTANDS EMPLOYEE'S RIGHTS AND OBLIGATIONS UNDER IT, AND SIGNED IT OF EMPLOYEE'S OWN FREE WILL AND VOLITION.

26. **Section 409A.** It is intended that this Agreement will comply with Section 409A of the Code (and any regulations and guidelines issued thereunder), to the extent the Agreement is subject

thereto, and the Agreement shall be interpreted on a basis consistent with such intent. Notwithstanding any provision to the contrary in this Agreement, if Employee is deemed on the date of her "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)) to be a "specified employee" (within the meaning of Treas. Reg. Section 1.409A-1(i)), then with regard to any payment 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 (i) the expiration of the six (6)-month period measured from the date of Employee's "separation from service," or (ii) the date of Employee's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments delayed pursuant to this Section 26 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid to Employee in a lump sum and any remaining payments due under this Agreement shall be paid in accordance with the normal payment dates specified for them herein. Notwithstanding any provision of this Agreement to the contrary, to the extent required to comply with Section 409A of the Code or an exemption thereto, for purposes of determining Employee's entitlement to any compensation payable upon her termination of employment, Employee's employment will be deemed to have terminated on the date of Employee's "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)) with the Company. Whenever payments under this Agreement are to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A of the Code. No action or failure to act, pursuant to this Section 26 shall subject the Company to any claim, liability, or expense, and the Company shall not have any obligation to indemnify or otherwise protect Employee from the obligation to pay any taxes pursuant to Section 409A of the Code. With respect to any reimbursement or in-kind benefit arrangements of the Company that constitute deferred compensation for purposes of Section 409A of the Code, the following conditions shall be applicable: (i) the amount eligible for reimbursement, or in-kind benefits provided, under any such arrangement in one calendar year may not affect the amount eligible for reimbursement, or in-kind benefits to be provided, under such arrangement in any other calendar year (except that the health and dental plans may impose a limit on the amount that may be reimbursed or paid if such limit is imposed on all participants), (ii) any reimbursement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (iii) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

***[Signature Page Follows]***

The parties hereto have executed this Employment Agreement to be effective as of the date first written above.

**COMPANY**

BALDWIN RISK PARTNERS, LLC, a Delaware limited liability company

By: /s/ Trevor Baldwin
Name: Trevor Baldwin
Title: Chief Executive Officer

**EMPLOYEE**

/s/ Corbyn Galloway
Name: Corbyn Galloway

**EXHIBIT A**

Restrictive Covenants Agreement

[Attached]

**EXHIBIT B**

Smart Phone Reimbursement Agreement

[Attached]

**EXHIBIT C**

Restricted Stock Award Agreement – October 28, 2019

[Attached]

**EXHIBIT D**

Restricted Stock Award Agreement – October 1, 2020

[Attached]

Baldwin Risk Partners, LLC
4211 W. Boy Scout Blvd, Suite 800
Tampa, FL 33607

September 8, 2021

Christopher Stephens
2624 W. Jetton Ave.
Tampa, FL 33629

Dear Chris:

This letter agreement (this “**Agreement**”) sets forth our mutual understanding concerning the transition and termination of your employment with Baldwin Risk Partners, LLC, a Delaware limited liability company (the “**Company**”), and its subsidiaries and affiliates, including BRP Group, Inc., a Delaware Corporation (“**PubCo**”) (collectively, the “**Company Group**”).

*1. Transition Period; Termination.*

(a) You will continue to be employed by and provide services to the Company Group until November 1, 2021, unless your employment is earlier terminated by you or the Company (any such date of termination of employment, the “**Termination Date**” and the period beginning on the date hereof and ending on the Termination Date, the “**Transition Period**”). Your employment and all of your positions with the Company Group will terminate in all capacities as of the Termination Date.

(b) During the Transition Period, you will continue to serve as General Counsel of the Company and PubCo (“**General Counsel**”), but you agree that you may be transitioned by the Company Group to an advisory role upon the appointment of a new General Counsel and will then have such duties as determined by the Chief Executive Officer of the Company and PubCo. You agree to render services to the Company Group on a full-time, exclusive basis during the Transition Period.

(c) During the Transition Period, you will continue to receive (i) your current base salary, paid in accordance with the Company’s regular payroll practices and (ii) employee benefits consistent with Section 4(d) of your employment agreement with the Company, dated as of September 9, 2019 (the “**Employment Agreement**”).

2. *Severance*. Upon the Termination Date, the Company will (i) pay you that portion of your base salary that is accrued but unpaid through the Termination Date and (ii) reimburse you pursuant to Section 4(e) of the Employment Agreement for reasonable expenses incurred but not paid prior to the Termination Date; *provided* that you must submit those expenses for reimbursement within 30 days after the Termination Date. You will also be entitled to receive any non-forfeitable benefits already earned and payable to you in accordance with the terms and provisions of any agreements, plans or programs of the Company Group, including, but not limited to, retirement plan benefits and accrued but unused paid time off. In addition, provided that your employment with the Company Group (i) continues until November 1, 2021 or (ii) is earlier terminated by the Company without Cause or by you for Good Reason (each as defined in the Employment Agreement), and subject to (x) your execution of this Agreement within 21 days following the date hereof and your non-revocation of this Agreement, (y) your execution of the reaffirmation page attached hereto as Exhibit A (the “**Reaffirmation**”) within 21 days following the Termination Date and your non-revocation of the Reaffirmation and

(z) your continued compliance with the Restrictive Covenants (as defined below), you will be entitled to the following (collectively, the "**Severance**"):

(a) the Company will continue to pay you your current annual base salary of $300,000 for a period of 12 months following the Termination Date; *provided* that any such payments that otherwise would be paid prior to the date that your execution of the Reaffirmation becomes irrevocable instead will be paid within five (5) business days after such date, and the remaining such payments will be paid over the remainder of such 12-month period; *provided further* that, if the period during which you may execute and revoke the Reaffirmation begins in one calendar year and ends in the next calendar year, then any such payments that otherwise would be paid in such first calendar year instead will be paid during the first five (5) business days of such next calendar year;

(b) if you are eligible for and properly elect health care continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**"), the Company will subsidize the cost of your COBRA premium payments (for you and your dependents) such that the premium payments are no greater than the health care premiums that you would pay if your employment with the Company Group continued during such period, for a period of 18 months following the Termination Date for you and your dependents under the Company's group health plan in which you and your dependents were participating immediately prior to the Termination Date or any successor plan (at the level then in effect or its equivalent);

(c) the Company will pay you a 2021 annual bonus in an amount that you would have earned had you remained employed on the payment date based on the Company's actual performance for the 2021 fiscal year in accordance with the terms of the 2021 executive compensation framework approved by the compensation committee (the "**Compensation Committee**") of the Company's board of directors on May 3, 2021, subject to any adjustments made by the Compensation Committee in its sole discretion and that apply to you on the same terms as are applicable to other senior executives of the Company Group, and measured by the Company in accordance with the normal accounting methods, principles and procedures used by the Company for determining the 2021 annual bonuses for the other senior executives of the Company Group, but assuming "superior" performance with respect to personal performance, payable in cash at the same time that 2021 annual bonuses, if any, are paid to other senior executives of the Company Group; *provided* that in no event will the amount of such bonus payable to you under this section be less than $180,000; and

(d) of the 71,430 LLC Units (as defined in the Third Amended and Restated Limited Liability Company Agreement of the Company, dated as of October 7, 2019, as amended from time to time in accordance with its terms (the "**LLCA**")) (and a corresponding number of shares of Class B Common Stock (as defined in the LLCA)) that you hold, effective upon the effectiveness of this Agreement and the Reaffirmation, 50,001 of such LLC Units (and a corresponding number of shares of Class B Common Stock) will be deemed fully vested (the "**Vested Units**"); *provided* that, effective as of the Termination Date, the remainder of such LLC Units (and corresponding shares of Class B Common Stock), together with any unvested equity awards granted to you under the BRP Group, Inc. Omnibus Incentive Plan, will be forfeited by you for no consideration; *and provided further* that you will remain subject to and entitled to the benefits of the LLCA and, as applicable, your restricted unit agreements with the Company effective as of the closing of PubCo's initial public offering and dated December 27, 2019, respectively (the "**Restricted Unit Agreements**").

Notwithstanding the foregoing, any changes in your position, authorities, responsibilities, reporting relationship or duties pursuant to Section 1(b) of this Agreement will not constitute Good Reason.

3. *No Other Compensation or Benefits*. Except as specifically provided herein, or as required for COBRA coverage under Section 4980B(f) of the Internal Revenue Code of 1986, as amended (the "**Code**"), or other applicable law, you will not be entitled to any compensation or benefits or to participate in any employment-related benefit programs or arrangements of the Company Group either during the Transition Period or after the Termination Date (including pursuant to the Employment Agreement), provided however that nothing in this Agreement shall prejudice or waive: (i) any compensation and benefits which you have accrued prior to the Termination Date and which are non-forfeitable or; (ii) any of your rights to indemnification or advancement by the Company, including without limitation your rights under the Director and Executive Officer Indemnification Agreement, dated as of October 23, 2019, between PubCo and you, the Employment Agreement, the Company Group's organizational documents, or under any directors and officers insurance policy maintained by the Company. Additional information regarding COBRA coverage will be provided to you separately.

4. *Return of Property*. Except as requested or permitted by the Company, you confirm that, on or prior to the Termination Date, you will have returned to the Company all property of the Company Group in your possession and all property made available to you in connection with your employment with the Company Group, including, without limitation, any and all Company Group credit cards, keys, security access codes, records, manuals, customer lists, notebooks, computers, computer programs and files, papers, electronically stored information and documents kept or made by you in connection with your employment with the Company Group.

5. *Restrictive Covenants; Cooperation*. You acknowledge and agree that you remain subject to any restrictive covenants set forth in your restrictive covenants agreement with the Company, dated as of September 9, 2019, and the Employment Agreement (collectively, the "**Restrictive Covenants**"), and that the Restrictive Covenants are incorporated by reference into this Agreement and will remain in full force and effect following the Termination Date and will not be superseded by the terms of this Agreement. In addition, for the avoidance of doubt, Sections 13 (Employee's Representations; Indemnification) and 24 (Cooperation) of the Employment Agreement will remain in full force and effect following the Termination Date. In requesting cooperation after the Termination Date, the Company (i) will consider other commitments that you have at the time of the request and (ii) will only share any non-material public information with you after the second anniversary of the Termination Date to the extent it determines it is reasonably necessary for purposes of your cooperation, in which case it will, to the extent reasonably practicable, provide you with reasonable prior notice before sharing any non-material public information with you.

6. *Defend Trade Secrets Act.* Notwithstanding anything to the contrary in this Agreement or otherwise, as provided for in the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)), you will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Without limiting the foregoing, if you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the trade secret to your attorney and use the trade secret information in the

court proceeding, if you (x) file any document containing the trade secret under seal, and (y) do not disclose the trade secret, except pursuant to court order.

7. *Whistleblower Protection*. Notwithstanding anything to the contrary in this Agreement or otherwise, you may communicate directly with and provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege to the Securities and Exchange Commission (the "**SEC**"), any other federal, state or local governmental agency or commission ("**Government Agency**") or self-regulatory organization regarding possible legal violations, without disclosure to the Company. The Company may not retaliate against you for any of these activities, and nothing in this Agreement or otherwise requires you to waive any monetary award or other payment that you might become entitled to from the SEC or any other Government Agency or self-regulatory organization. Further, nothing in this Agreement precludes you from filing a charge of discrimination with the Equal Employment Opportunity Commission or a like charge or complaint with a state or local fair employment practice agency. However, once this Agreement becomes effective, you may not receive a monetary award or any other form of personal relief from the Company Group in connection with any such charge or complaint that you filed or is filed on your behalf.

8. *Confidentiality of This Agreement*. Except as may be required by applicable law, legal process or any court, you agree that the terms of this Agreement are confidential and that you will not disclose or discuss any such terms to or with any person other than your attorney, tax, financial or investment advisors, or spouse. You agree that you will instruct your any such individuals not to disclose or discuss such terms to or with any other person.

9. *General Release*. In consideration of the Company's obligations under this Agreement and for other good and valuable consideration, you, on behalf of yourself and your executors, heirs, administrators, representatives and assigns, hereby agree to release and forever discharge the Company and all predecessors, successors and their respective parent corporations (including PubCo), affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives, and the employee benefit plans in which you are or have been a participant by virtue of your employment with or service to the Company Group, from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected, which you have or may have had against such entities (collectively, "**Claims**") based on any events or circumstances arising or occurring on or prior to the date hereof and arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever your employment by or service to the Company Group or the termination thereof, including without limitation any and all Claims arising under federal, state, or local laws relating to employment, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and Claims of any kind that may be brought in any court or administrative agency including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq.; the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of

Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; and any similar state or local law, but excluding any Claims arising directly or indirectly out of, relating to or in any way involving in any manner whatsoever (a) all payments and benefits to be provided pursuant to this Agreement, (b) your rights related to the continued ownership of the Vested Units and any other equity securities in the Company Group, including but not limited to pursuant to the Restricted Unit Agreements, the LLCA, the Tax Receivable Agreement (as defined in the LLCA), the Registration Rights Agreement (as defined in the LLCA), and the Stockholders Agreement (as defined in the LLCA), (c) any of your rights under COBRA, (d) any of your rights to indemnification or advancement by the Company, including without limitation your rights under the Director and Executive Officer Indemnification Agreement, dated as of October 23, 2019, between PubCo and you, the Employment Agreement, the Company Group's organizational documents, or under any directors and officers insurance policy maintained by the Company, (e) the indemnification provided by the Company under Section 26(b) of the Employment Agreement with respect to the Participation Threshold for the Management Incentive Units issued to you, (f) any rights to unemployment, state disability and/or paid family leave insurance benefits pursuant to the terms of applicable law, (g) any violation of any federal, state or local statutory and/or public policy right or entitlement that, by applicable law, may not be waived, (h) any Claim that is based on an act or omission that occurs after the date you execute this Agreement or the Reaffirmation, and (i) any of your rights to assert any defenses, including affirmative defenses, against any allegations, causes of action, and/or claims of any nature that may be brought against you (the "**General Release**").

In consideration of your obligations under this Agreement and for other good and valuable consideration, each of the Company and PubCo, on behalf of itself and each of their predecessors, successors and their respective affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives and assigns, hereby agrees to release and forever discharge you, from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected, which the Company, PubCo and/or their related releasors have or may have had against you (collectively, "**Company Claims**") based on any events or circumstances arising or occurring on or prior to the date hereof and arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever your employment by or service to the Company Group or the termination thereof but excluding any Company Claims arising directly or indirectly out of, relating to or in any way involving in any manner whatsoever (a) any Claim that is based on your willful misconduct, theft, fraud or any crime of dishonesty in connection with your duties to the Company Group, (b) any Claim that is based on your material breach of the Restrictive Covenants, (c) any Claim that is based on an act or omission that occurs after the date you execute this Agreement or the Reaffirmation, and (d) any of the Company's, PubCo's and/or their related releasors' rights to assert any defenses, including affirmative defenses, against any allegations, causes of action, and/or claims of any nature that may be brought against it. The Company and PubCo shall sign the Reaffirmation within five (5) business days of your execution and return of the Reaffirmation to the Company.

10. *Opportunity to Consider this Agreement and the Reaffirmation*.

(a) You are hereby advised to seek the advice of counsel prior to signing this Agreement. You hereby acknowledge that you are acting of your own free will, that you have been afforded a reasonable time to read and review the terms of this Agreement, and that you are voluntarily executing this Agreement with full knowledge of its provisions and effects. You further acknowledge that you have been given at least TWENTY-ONE (21) days within which to consider this Agreement and that you have SEVEN (7) days following your execution of this Agreement to revoke your acceptance, with this Agreement not becoming effective until the seven (7) day revocation period has expired. If you elect to revoke your acceptance of this Agreement, you must provide written notice of such revocation to Trevor Baldwin by 5 p.m. on the seventh (7th) day after you execute this Agreement.

(b) You will have TWENTY-ONE (21) days following the Termination Date within which to execute the Reaffirmation and SEVEN (7) days following your execution of the Reaffirmation to revoke your acceptance.

11. *Redemption of LLC Units and Class B Common Stock*. Notwithstanding any provision in the LLCA or any other agreement between you and the Company, for the one-year period following the Termination Date, each of PubCo and the Company agrees not to exercise the Company's option under Section 10.01(a) of the LLCA to require you to redeem any of your LLC Units and Class B Common Stock in exchange for Class A Common Stock of PubCo, if such redemption would cause you to realize capital gain on the redemption and you would be unable to sell the Class A Common Stock due to any prohibition on you trading the Class A Common Stock of PubCo for any reason (including, but not limited to, your possession of non-material public information regarding the Company); *provided that*, for the avoidance of doubt, the Managing Member (as defined in the LLCA) will retain its option under Sections 10.01(b) and 10.03 of the LLCA to require you to redeem any of your LLC Units and Class B Common Stock in exchange for cash in the manner and otherwise in accordance with the terms and conditions set forth in Article 10 of the LLCA.

12. *Non-Disparagement.* You and the Company agree that the non-disparagement provisions in Section 12 of the Employment Agreement will remain in effect following the Termination Date.

13. *Miscellaneous*.

(a) *Entire Agreement*. This Agreement sets forth the entire agreement and understanding of the parties hereto with respect to the matters covered hereby and unless specifically provided herein, supersedes and replaces any express or implied, written or oral, prior agreement, plan or arrangement with respect to the terms of your employment with the Company Group and the termination thereof which you may have had with the Company Group, including the Employment Agreement. This Agreement may be amended only by a written document signed by the Company and you.

(b) *Section 409A*. If any provision of this Agreement contravenes Section 409A of the Code, the regulations promulgated thereunder or any related guidance issued by the U.S. Treasury Department, the Company may reform this Agreement or any provision hereof to maintain to the maximum extent practicable the original intent of the provision without violating the provisions of Section 409A of the Code. For purposes of Section 409A of the Code, each payment made under this Agreement will be designated as a “separate payment” within the meaning of Section 409A. In addition, notwithstanding anything contained in this Agreement to the contrary, if, upon your separation from service, (i) you are a specified employee as defined in

Section 409A of the Code and (ii) any of the payments or benefits provided hereunder constitute deferred compensation under Section 409A of the Code, then, and only to the extent required by such provisions, the date of payment of such payments or benefits otherwise provided will be delayed for a period of six months following the separation from service, and any amounts so delayed will be paid during the seventh month following separation from service.

(c) *Withholding Taxes*. Any payments made or benefits provided to you under this Agreement will be reduced by any applicable withholding taxes. The Company will withhold payments made pursuant to this Agreement according to the IRS Form W-4 most recently provided to the Company by you rather than at the withholding rate for supplemental wages.

(d) *Waiver*. The failure of either party to this Agreement to enforce any of its terms, provisions or covenants will not be construed as a waiver of the same or of the right of such party to enforce the same. Waiver by either party hereto of any breach or default by the other party of any term or provision of this Agreement will not operate as a waiver of any other breach or default.

(e) *Severability*. In the event that any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remainder of this Agreement will not in any way be affected or impaired thereby. If any provision of this Agreement is held to be excessively broad as to duration, activity or subject, such provision will be construed by limiting and reducing it so as to be enforceable to the maximum extent allowed by applicable law.

(f) *Counterparts*. This Agreement may be executed in one or more counterparts, which together will constitute one and the same agreement.

(g) *Successors and Assigns*. Except as otherwise provided herein, this Agreement will inure to the benefit of and be enforceable by you and by the Company and its successors and assigns.

(h) *Choice of Law; WAIVER OF TRIAL BY JURY*. This Agreement will 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. You 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. EACH OF THE PARTIES TO THIS AGREEMENT IRREVOCABLY AND UNCONDITIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING HEREBY, OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT OF THIS AGREEMENT. In any litigation between you and the Company Group arising out of or related to this Agreement, the losing party shall reimburse the prevailing party for all reasonable attorneys’ fees and costs incurred by that prevailing party in enforcing, defending, or prosecuting this Agreement.

*[signature page to follow]*

Baldwin Risk Partners, LLC

By: BRP Group, Inc., as Managing Member

By: /s/ Trevor Baldwin
Name: Trevor Baldwin
Title: Chief Executive Officer

BRP Group, Inc.

By: /s/ Trevor Baldwin
Name: Trevor Baldwin
Title: Chief Executive Officer

**YOU HEREBY ACKNOWLEDGE THAT YOU HAVE READ THIS AGREEMENT, THAT YOU FULLY KNOW, UNDERSTAND AND APPRECIATE ITS CONTENTS, AND THAT YOU HEREBY ENTER INTO THIS AGREEMENT VOLUNTARILY AND OF YOUR OWN FREE WILL.**

ACCEPTED AND AGREED:

/s/ Christopher Stephens
Christopher Stephens

**EXHIBIT A**

**REAFFIRMATION PAGE**

This page (this "**Reaffirmation**") represents my, the Company and PubCo's reaffirmation as of the date hereof of the commitments set forth in the transition and termination letter agreement to which this Reaffirmation is attached (the "**Agreement**"), and I, the Company and PubCo hereby agree that my general release of claims pursuant to the General Release (as defined in the Agreement) and the Company and PubCo's release of Company Claims, as well as any applicable provisions of Sections 7 or 9 of the Agreement, will be extended to cover any act, omission or occurrence occurring up to and including the date on which I execute this Reaffirmation.

I acknowledge that I have been advised to seek the advice of counsel prior to signing this Reaffirmation. I hereby acknowledge that I am acting of my own free will, that I have been afforded a reasonable time to read and review the terms of this Reaffirmation, and that I am voluntarily executing this Reaffirmation with full knowledge of its provisions and effects. I further acknowledge that I have been given at least TWENTY-ONE (21) days within which to consider this Reaffirmation and that I have SEVEN (7) days following my execution of this Reaffirmation to revoke my acceptance, with this Reaffirmation not becoming effective until the seven (7) day revocation period has expired. If I elect to revoke my acceptance of this Reaffirmation, (i) I must provide written notice of such revocation to Trevor Baldwin by 5 p.m. on the seventh (7th) day after I execute this Agreement and (ii) for the avoidance of doubt, such revocation will in no way be a revocation of my obligations under the Agreement.

*[signature page to follow]*

I, the Company and PubCo ratify and reaffirm the commitments set forth in the Agreement:

/s/ Christopher Stephens    11/2/2021
Christopher Stephens    Date

Baldwin Risk Partners, LLC

By: BRP Group, Inc., as Managing Member

By: /s/ Trevor Baldwin
Name: Trevor Baldwin
Title: Chief Executive Officer

BRP Group, Inc.

By: /s/ Trevor Baldwin
Name: Trevor Baldwin
Title: Chief Executive Officer

EXHIBIT 21

**BRP Group, Inc. List of Subsidiaries as of March 1, 2022**

| Company Name | State of Incorporation |
|---|---|
| Baldwin Risk Partners, LLC | Delaware |
| Baldwin Krystyn Sherman Partners, LLC | Florida |
| BRP Colleague Inc. | Florida |
| BRP Insurance Intermediary Holdings, LLC | Florida |
| BRP Main Street Insurance Holdings, LLC | Florida |
| BRP Medicare Insurance Holdings, LLC | Florida |
| BRP Medicare Insurance, LLC | Florida |
| BRP Medicare Insurance II, LLC | Florida |
| BRP Medicare Insurance III, LLC | Florida |
| Connected Risk Solutions, LLC | Florida |
| Guided Insurance Solutions, LLC | Florida |
| BRP Financial Services Holdings, LLC | Florida |
| BKS Financial Investments, LLC | Florida |
| BRP Securities, LLC | Florida |
| League City Office Building, LLC | Florida |
| Millennial Specialty Insurance, LLC | Florida |
| BRP Pendulum, LLC | Florida |
| BKS Venture Investments, LLC | Florida |
| Armfield, Harrison & Thomas, LLC | Florida |
| BRP Middle Market Insurance Holdings, LLC | Florida |
| Insgroup, LLC | Florida |
| Insgroup Dallas, LLC | Florida |
| 360 Rx Solutions LLC | Florida |
| Burnham Benefits Insurance Services, LLC | Florida |
| Burnham Gibson Wealth Advisors, LLC | Florida |
| Burnham Risk and Insurance Solutions, LLC | Florida |
| BRP Effective Coverage, LLC | Florida |
| Connected Captive Solutions, LLC | Florida |
| The Capital Group Investment Advisory Services, LLC | Florida |
| BRP Colleague II Inc. | Florida |
| Atteneur Risk, LLC | Florida |
| Preferred Property Program, LLC | Illinois |
| Preferred Property Risk Purchased Group, LLC | Florida |
| Construction Risk Partners, LLC | New Jersey |
| AHT GovConRisk, LLC | Virginia |
| BKS Partners Galati Marine Solutions, LLC | Florida |
| BKS MS, LLC | Florida |
| BKS Smith, LLC | Florida |
| Laureate Insurance Partners, LLC | Florida |

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-251195) and Form S-8 (No. 333-261126, No. 254162, No. 333-251194, No. 333-237384 and No. 333-234309) of BRP Group, Inc. of our report dated March 1, 2022 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Tampa, Florida
March 1, 2022

EXHIBIT 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULE 13A-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 Annual Report on Form 10-K of BRP 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: March 1, 2022

EXHIBIT 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULE 13A-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 Annual Report on Form 10-K of BRP 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: March 1, 2022

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 BRP Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2021 (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 BRP 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: March 1, 2022 | By: | /s/ Trevor L. Baldwin |
| | | Trevor L. Baldwin |
| | | *Chief Executive Officer* |
| Date: March 1, 2022 | By: | /s/ Bradford L. Hale |
| | | Bradford L. Hale |
| | | *Chief Financial Officer* |