



HAGERTY®



Hagerty-Market Fronting Arrangement

Strategic Update for Investors

July 24, 2025

FORWARD LOOKING STATEMENTS / NON-GAAP FINANCIAL MEASURES

Some of the statements contained in this presentation, including those regarding entering into the proposed fronting arrangement with Markel, its anticipated terms and the expected impacts to Hagerty's financial statements as a result of this proposed arrangement, constitute forward-looking statements within the meaning of the federal securities laws. The forward-looking statements contained in this presentation reflect Hagerty's current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions, and changes in circumstances, many of which are beyond Hagerty's control, that may cause actual results and future events to differ significantly from those expressed in any forward-looking statement. These risks and uncertainties include, but are not limited to, Hagerty's ability to enter into and successfully implement the proposed fronting arrangement, the performance of Markel and Essentia under the new arrangement, and the impact of regulatory developments and other factors that may

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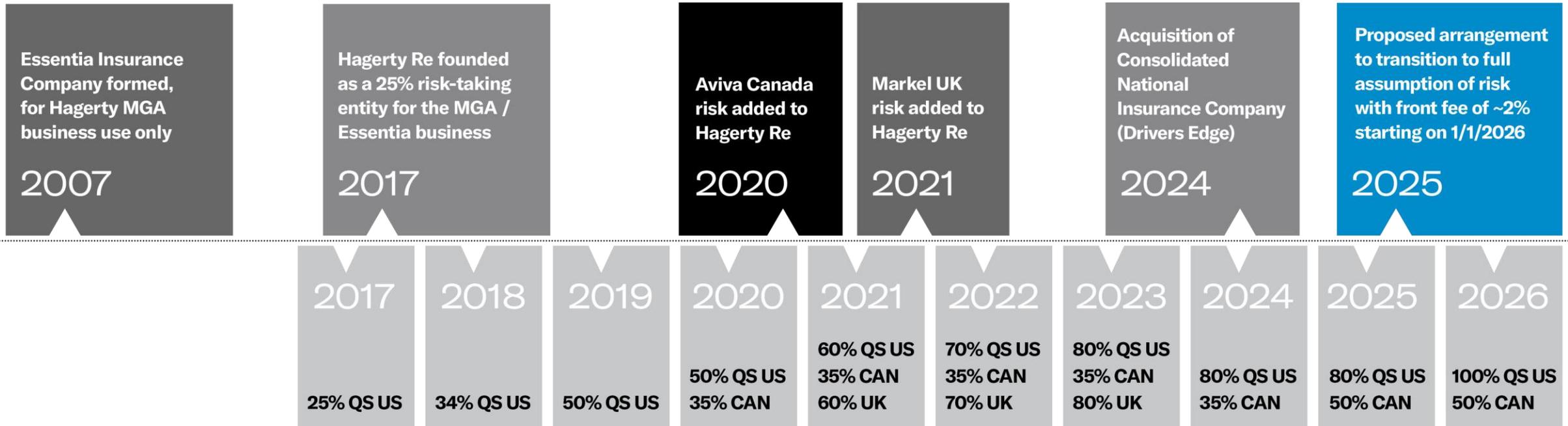
Executive Summary

- Evolving our successful partnership with Markel
- Unlocking 100% underwriting and investment economics
- Driving better profitability and operational control
- No disruption to policyholders or customer experience

The proposed fronting arrangement described in this presentation remains subject to the negotiation and execution of definitive documentation and the receipt of all required regulatory approvals, and there can be no assurance that the proposed fronting arrangement will be completed on the terms described herein or at all.

Evolution to Capture Increasing Amount of Underwriting Profits

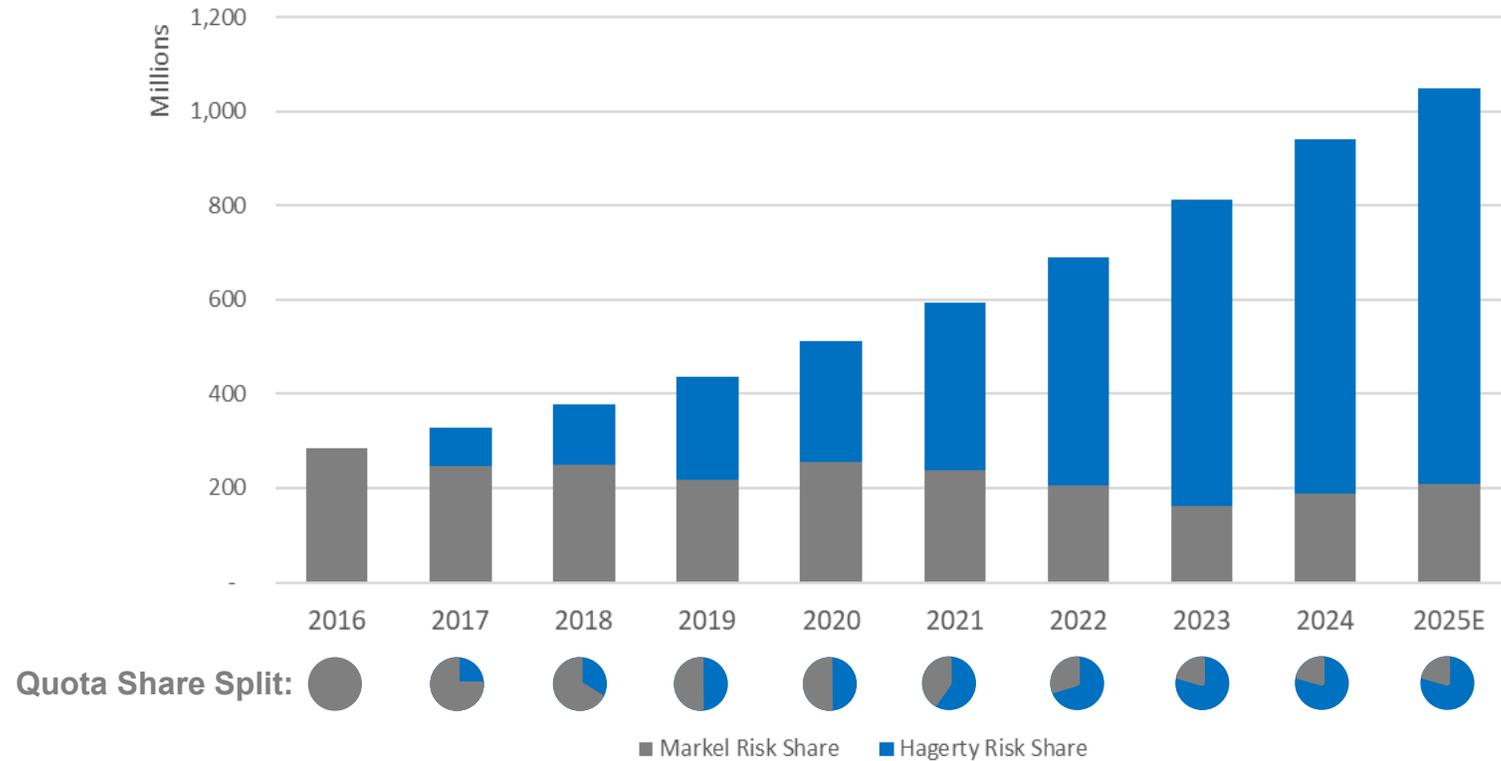
Working closely with our partner Market for over a decade



Market acquired Essentia in 2013 to exclusively underwrite Hagerty US business, Market acquired 25% of Hagerty in 2019

Hagerty's Evolution: Economic Capture on Market Program US Insurance Organization

US Auto Written Premium – Illustrative Risk Share



Hagerty has steadily increased risk sharing from 0% in 2016 to 80% of the underwriting economics today
Increasing this to 100% in 2026 is the natural evolution to capture more value

The Proposed Hagerty-Markel Arrangement: What's Changing

CURRENT MODEL

Hagerty earns 42% total commissions as an MGA and assumes 80% of the risk via Hagerty Re

Markel retains 20% of the risk, handles filings and administrative support

Hagerty Re pays a 47% ceding commission to Markel (~42% commissions + ~5% for G&A, taxes and operating expenses)

NEW FRONTING STRUCTURE (1/1/2026)

Hagerty Re would control 100% of the premium and assume 100% of the risk

Hagerty would secure expanded underwriting and claims authority; Markel issues policies and provides administrative support

Hagerty Re would pay a ~2% fronting fee and funds G&A, taxes and operating expenses

Strategic Rationale

1

More Control:

Pricing,
underwriting,
investment

2

Better Margins:

Capture full
program
profitability

3

Efficient Operations:

Direct oversight of
filings, compliance,
servicing

4

Capital Efficiency:

Align capital
with returns

Potential Economic Upside

- Increase in net earned premium
- Incremental investment income
- Operating leverage from consolidated structure
- Accretive to earnings and EBITDA

What Would Stay the Same

Essentia Paper

Still the insurer of record

Policyholders

No changes to coverage or service

Customer Experience

Same exceptional service and underwriting expertise

Ongoing Partnership with Markel

- Markel would remain a 23% shareholder
- Continued board representation
- Maintaining alignment and commitment
- Pay a fronting fee
 - 2.0% on first \$1.0B
 - 1.75% from \$1.0B to \$1.5B
 - 1.5% above \$1.5B

Anticipated Financial & Accounting Implications

- MGA commission revenue from Markel and related Hagerty Re ceding commission expense would no longer be recognized in the consolidated financial statements
- Commissions and fees continue to be recognized as revenue on other programs, including State Farm and our Canadian/UK programs
- Policy acquisition costs related to Markel fronting arrangement will be deferred and amortized over the policy term
- Net investment income will be reported within revenue and be captured within EBITDA
- Reporting consistent with other insurance companies under SEC Regulation S-X Article 7

\$1,000 Policy - Illustrative P&L Impact

Potential Financial & Accounting Implications

	Existing Reporting Structure			Future Reporting Structure				
	MGA	Re 80%	Consolidated	MGA	Re 80%	Re +20%	Elimination	Consolidated
Net Earned Premium		800	800	-	800	200	-	1,000
Commission and Fees	420	-	420	420	-	-	(420)	-
Membership and Other	70	-	70	70	-	-	-	70
Investment Income	-	-	-	-	32	8	-	40
Total Revenue:	490	800	1,290	490	832	208	(420)	1,110
Ceding	-	376	376	-	376	94	(420)	50
MGA Commissions	-	336	336	-	336	84	(420)	-
Premium Taxes + G&A Costs	-	40	40	-	24	6	-	30
Fronting Fee	-	-	-	-	16	4	-	20
Losses	-	336	336	-	336	84	-	420
Other Reinsurance Opex	-	6	6	-	6	1	-	7
MGA Costs	453	-	453	453	-	-	-	453
Total Expenses	453	718	1,171	453	718	179	(420)	930
Operating Income	37	82	119	37	114	29	-	180
Investment Income	-	32	32	-	-	-	-	-
Pretax Income	37	114	151	37	114	29	-	180
Income Taxes	-	(24)	(24)	-	(24)	(6)	-	(30)
Net Income	37	90	127	37	90	23	-	150
<i>% Margin</i>			<i>10%</i>					<i>13%</i>

Notes:

- Illustrative example of \$1,000 Essentia (Markel) policy with HDC attached. Does not include any commissions and fees generated from other programs such as State Farm, Canada or UK
- Illustrative normalized time period, where Earned Premium = Written Premium, Hagerty Re Loss Ratio is 42% and MGA margin of 7.6% based on prior year
- Income Tax at Hagerty Re assumed at 21%, MGA level passes through to ownership
- Premium Taxes + G&A Costs are ~5% in the existing structure (47% ceding commissions minus Hagerty's 42% commission); Future structure assumes similar ~5% all-in costs comprised of ~3% for Premium Taxes + G&A plus the new ~2% fronting fee

Closing Summary

- Strategic evolution, not a fundamental shift
- Unlocking value from a unique platform
- Continued strong partnership with Merkel
- Poised for margin expansion and sustained growth