

FIRST ACCEPTANCE CORPORATION



ANNUAL INFORMATION AND DISCLOSURE STATEMENT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

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Part A – General Company Information

Item 1. The Exact Name of The Issuer

First Acceptance Corporation

Item 2. The Address of The Issuer's Principal Executive Offices

Principal Executive Offices: First Acceptance Corporation
3813 Green Hills Village Drive
Nashville, TN 37215
Telephone: 615-844-2800
Web: www.firstacceptance.com

Investor Relations: Michael J. Bodayle
Vice President - Corporate Secretary
First Acceptance Corporation
3813 Green Hills Village Drive
Nashville, TN 37215
Email: mbodayle@firstacceptance.com

Item 3. The Jurisdiction and Date of the Issuer's Incorporation

First Acceptance Corporation was incorporated in the state of Delaware in 1996.

Part B – Share Structure

Item 4. The Exact Title and Class of Securities Outstanding

Class: Common Stock
CUSIP: 318457108
Trading Symbol: FACO

Item 5. Par or Stated Value and Description of the Security

A. Par or Stated Value

The Company's outstanding securities consists solely of common stock, par value \$0.01 per share.

B. Common Stock or Preferred Stock

Common Stock

Stockholders of the Company are entitled to dividends if declared by the Board of Directors. Each share of our common stock entitles the holder thereof to one vote on all matters submitted to a vote of the stockholders. Our common stock is not subject to redemption or future calls or assessment by First Acceptance Corporation. Holders of common stock do not have preemptive rights, or rights to convert their common stock into other securities. In the event of a liquidation, dissolution or winding up of the affairs of First Acceptance Corporation, holders of our common stock have the right to a ratable portion of the assets remaining after the payment of all liabilities. All outstanding shares of our common stock are fully paid and nonassessable.

The provisions of First Acceptance Corporation's articles of incorporation and bylaws that are summarized below may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider to be in such stockholder's best interests, including those attempts that might result in a premium over the market price for the shares held by stockholders:

- the requirement that only stockholders owning at least one-third of the outstanding shares of our common stock may call a special stockholders' meeting; and
- the requirement that stockholders owning at least two-thirds of the outstanding shares of our common stock must approve any amendment to our certificate of incorporation provisions concerning the ability to call special stockholders' meetings.

Under our certificate of incorporation, we may issue shares of preferred stock on terms that are unfavorable to the holders of our common stock. The issuance of shares of preferred stock could also prevent or inhibit a third party from acquiring us. The existence of these provisions could depress the price of our common stock, could delay or prevent a takeover attempt or could prevent attempts to replace or remove incumbent management.

Item 6. The Number of Shares or Total Amount of the Securities Outstanding for Each Class of Securities Authorized

Common Shares	December 31, 2025	December 31, 2024
Number of Shares Authorized	75,000,000	75,000,000
Number of Shares Outstanding	36,694,638	38,191,217
Freely Tradeable Shares (Public Float)	9,770,574	10,410,461
Total Number of Stockholders of Record	206	226

Preferred Shares	December 31, 2025	December 31, 2024
Number of Shares Authorized	10,000,000	10,000,000
Number of Shares Outstanding	—	—
Freely Tradeable Shares (Public Float)	—	—
Total Number of Stockholders of Record	—	—

The Company has more than 50 beneficial stockholders of record owning at least 100 shares.

Item 7. The Name and Address of the Transfer Agent

Computershare is registered as a transfer agent under the Exchange Act.

Shawn P. Sharp, Assistant Vice President and Relationship Manager
Computershare – Client Services
150 Royall Street, Ste. 101
Canton, MA 02021
502-551-9319
Shawn.Sharp@computershare.com

Part C – Business Information

Item 8. The Nature of the Issuer’s Business

A. Business Development (During the Last Three Years)

1. The form of organization of the issuer.

We are a Delaware corporation.

2. The year that the issuer (or any predecessor) was organized.

We were organized in 1996.

3. The issuer’s fiscal year end date.

Our fiscal year end date is December 31.

4. Whether the issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceeding.

We have not been in any bankruptcy, receivership, or any similar proceeding.

5. Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets.

We have not had any reclassification, merger, consolidation, or purchase or sale of a significant amount of assets.

6. Any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments.

We have not had any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement.

7. Any change of control.

We have not had a change in control.

8. Any increase of 10% or more of the same class of outstanding equity securities.

There has not been an increase of 10% or more in any class of outstanding equity securities.

9. Any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization.

We do not have any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization.

10. Any delisting of the issuer’s securities by any securities exchange or deletion from the OTC Bulletin Board.

Effective April 9, 2018, we voluntarily terminated our listing with the New York Stock Exchange and began trading on the OTCQX Marketplace.

11. Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer’s business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.

Please see the section entitled “Litigation” in Note 14 of our consolidated financial statements which are attached to this report.

B. Business of Issuer

1. The issuer's primary and secondary SIC codes.

Our primary SIC Code is 6331.

2. If the issuer has never conducted operations, is in the development stage, or is currently conducting operations.

We are currently conducting operations.

3. Whether the issuer has at any time been a "shell company."

We are not, and never have been, a shell company.

4. The names of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this disclosure statement.

First Acceptance Corporation owns and operates three insurance company subsidiaries: First Acceptance Insurance Company, Inc. ("FAIC"), First Acceptance Insurance Company of Georgia, Inc. ("FAIC-GA) and First Acceptance Insurance Company of Tennessee, Inc. ("FAIC-TN") and had one wholly-owned insurance agency subsidiary: Acceptance Insurance Agency of Tennessee, Inc. ("AITN"), which was sold effective December 1, 2023. We also have other subsidiaries that individually and collectively are not material. These entities are all included in the consolidated financial statements attached to this disclosure statement.

We also own an unconsolidated subsidiary trust, First Acceptance Statutory Trust I ("FAST I") that in June 2007 issued debentures to outside investors on behalf of First Acceptance Corporation.

5. The effect of existing or probable governmental regulations on the business.

Insurance Company Regulation. Our insurance company subsidiaries are regulated by governmental agencies in the states in which we conduct business and by various federal statutes and regulations. These state regulations vary by jurisdiction but, among other matters, usually involve:

- regulating premium rates and forms;
- setting minimum solvency standards;
- setting capital and surplus requirements;
- licensing companies, agents and, in some states, claims adjusters;
- setting requirements for and limiting the types and amounts of investments;
- establishing requirements for the filing of annual statements and other financial reports;
- conducting periodic statutory examinations of the affairs of insurance companies;
- requiring prior approval of changes in control and of certain transactions with affiliates;
- limiting the amount of dividends that may be paid without prior regulatory approval; and
- setting standards for advertising and other market conduct activities.

Required Licensing. We operate under licenses issued by various state insurance authorities. Such licenses may be of perpetual duration or periodically renewable, provided we continue to meet applicable regulatory requirements. The licenses govern, among other things, the types of insurance coverages and products that may be offered in the licensing state. Such licenses are typically issued only after an appropriate application is filed and prescribed criteria are met. All our licenses are in good standing.

As required by our current operations, we hold managing general agency licenses in Texas and Florida. In addition, business that was written through other third-party insurance carriers required our agency operations to hold agency or broker licenses

in those states. To expand into a new state or offer a new line of insurance or other new product, we must apply for and obtain the appropriate licenses.

Insurance Holding Company Regulation. We operate as an insurance holding company system and are subject to regulation in the jurisdictions in which our insurance company subsidiaries conduct business. These regulations require that each insurance company in the holding company system register with the insurance department of its state of domicile and furnish information concerning the operations of companies in the holding company system which may materially affect the operations, management or financial condition of the insurers in the holding company domiciled in that state. We have three insurance company subsidiaries that are organized and domiciled under the insurance statutes of Texas, Georgia and Tennessee. The insurance laws in each of these states similarly provide that all transactions among members of a holding company system be done at arm's length and shown to be fair and reasonable to the regulated insurer. Transactions between insurance company subsidiaries and their parents and affiliates typically must be disclosed to the state regulators, and any material or extraordinary transaction requires prior approval of the applicable state insurance regulator. A change of control of a domestic insurer or of any controlling person requires the prior approval of the state insurance regulator. In general, any person who acquires 10% or more of the outstanding voting securities of the insurer or its parent company is deemed by statute to have acquired control of the domestic insurer.

Restrictions on Paying Dividends. We may in the future rely on dividends from our insurance company subsidiaries to meet corporate cash requirements. State insurance regulatory authorities require insurance companies to maintain specified levels of statutory capital and surplus. The amount of an insurer's capital and surplus following payment of any dividends must be reasonable in relation to the insurer's outstanding liabilities and adequate to meet its financial needs. Prior approval from state insurance regulatory authorities is generally required in order for an insurance company to declare and pay extraordinary dividends. The payment of ordinary dividends is limited by the amount of capital and surplus available to the insurer, as determined in accordance with state statutory accounting practices and other applicable limitations. State insurance regulatory authorities that have jurisdiction over the payment of dividends by our insurance company subsidiaries may in the future adopt statutory provisions more restrictive than those currently in effect. See Note 15 to our consolidated financial statements for a discussion of the current ability of our insurance company subsidiaries to pay dividends.

Regulation of Rates and Policy Forms. Most states in which our insurance company subsidiaries operate have insurance laws that require insurance companies to file premium rate schedules and policy or coverage forms for review and approval. In many cases, such rates and policy forms must be approved prior to use. State insurance regulators have broad discretion in judging whether an insurer's rates are adequate, not excessive and not unfairly discriminatory. Generally, property and casualty insurers are unable to implement rate increases until they show that the costs associated with providing such coverage have increased. The speed at which an insurer can change rates in response to competition or increasing costs depends, in part, on the method by which the applicable state's rating laws are administered. There are three basic rate administration systems: (i) the insurer must file and obtain regulatory approval of the new rate before using it; (ii) the insurer may file the new rate and begin using the new rate during regulatory review; or (iii) the insurer may begin using the new rate and file it in a specified period of time for regulatory review. Under all three rating systems, the state insurance regulators have the authority to disapprove the rate subsequent to its filing. Thus, insurers who begin using new rates before the rates are approved may be required to issue premium refunds or credits to policyholders if the new rates are ultimately deemed excessive and disapproved by the applicable state insurance authorities.

Investment Regulation. Our insurance company subsidiaries are subject to state laws and regulations that require diversification of their investment portfolios and limitations on the amount of investments in certain categories. Failure to comply with these laws and regulations would cause non-conforming investments to be treated as non-admitted assets for purposes of measuring statutory surplus and, in some instances, would require divestiture. If a non-conforming asset is treated as a non-admitted asset, it would lower the affected subsidiary's surplus and thus, its ability to write additional premiums and pay dividends.

Restrictions on Cancellation, Non-Renewal or Withdrawal. Many states have laws and regulations that limit an insurer's ability to exit a market. For example, certain states limit an automobile insurer's ability to cancel or not renew policies. Some states prohibit an insurer from withdrawing one or more lines of business from the state, except pursuant to a plan approved by the state insurance department. The state insurance department may disapprove a plan that may lead to market disruption. Laws and regulations that limit cancellations and non-renewals and that subject business withdrawals to prior approval requirements may restrict an insurer's ability to exit unprofitable markets.

Privacy Regulations. The Gramm-Leach-Bliley Act protects consumers from the unauthorized dissemination of certain nonpublic personal information. In addition, most states have implemented additional regulations to address privacy issues. These laws and regulations apply to all financial institutions, including insurance companies, and require us to maintain

appropriate procedures for managing and protecting certain nonpublic personal information of our customers and to fully disclose our privacy practices to our customers. We may also be exposed to future privacy laws and regulations, which could impose additional costs and impact our results of operations or financial condition.

Licensing of Our Employee-Agents and Claims Adjusters. Prior to the sale of AITN, all our employees who sold, solicited or negotiated insurance were licensed, as required, by the state in which they worked, for the applicable line or lines of insurance they offer. In certain states in which we operate, our insurance claims adjusters are also required to be licensed and are subject to annual continuing education requirements.

Unfair Claims Practices. Generally, insurance companies, adjusting companies and individual claims adjusters are prohibited by state statutes from engaging in unfair claims practices which could indicate a general business practice. We set business conduct policies and conduct regular training to ensure that our employee-adjusters and other claims personnel are aware of these prohibitions, and we require them to conduct their activities in compliance with these statutes.

Financial Reporting. We are required to file quarterly and annual financial reports with states utilizing statutory accounting practices that are different from U.S. generally accepted accounting principles, which generally reflect our insurance company subsidiaries on a going concern basis. The statutory accounting practices used by state regulators, in keeping with the intent to assure policyholder protection, are generally based on a liquidation concept. For statutory financial information on our insurance company subsidiaries, see Note 15 to our consolidated financial statements which are attached to this report.

Periodic Financial and Market Conduct Examinations. The state insurance departments that have jurisdiction over our insurance company subsidiaries conduct on-site visits and examinations of the insurers' affairs, especially as to their financial condition, ability to fulfill their obligations to policyholders, market conduct, claims practices and compliance with other laws and applicable regulations. Generally, these examinations are conducted every five years. If circumstances dictate, regulators are authorized to conduct special or target examinations of insurers, insurance agencies and insurance adjusting companies to address particular concerns or issues. The results of these examinations can give rise to regulatory orders requiring remedial, injunctive, or other corrective action on the part of the company that is the subject of the examination. Our three insurance companies have been examined for financial condition through December 31, 2020 by their respective states of domicile. FAIC has been the subject of various limited scope market conduct examinations. The next regular examination for financial condition of these companies has been scheduled as of December 31, 2025.

Risk-Based Capital. In order to enhance the regulation of insurer solvency, the National Association of Insurance Commissioners, or "NAIC," has adopted a formula and model law to implement risk-based capital, or "RBC," requirements designed to assess the minimum amount of statutory capital that an insurance company needs to support its overall business operations and to ensure that it has an acceptably low expectation of becoming financially impaired. RBC is used to set capital requirements based on the size and degree of risk taken by the insurer and considering various risk factors such as asset risk, credit risk, underwriting risk, interest rate risk and other relevant business risks. The NAIC model law provides for increasing levels of regulatory intervention as the ratio of an insurer's total adjusted capital decreases relative to its RBC, culminating with mandatory control of the operations of the insurer by the domiciliary insurance department at the so-called mandatory control level. This calculation is performed on a calendar year basis, and at December 31, 2025, each of our insurance companies maintained an RBC level that was in excess of an amount that would require any corrective actions on their part.

6. An estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities is borne directly by customers.

We have not spent any material amounts during the last two fiscal years on research and development activities.

7. Costs and effects of compliance with environmental laws (federal, state, and local).

Based on our environmental assessments, we believe that any compliance costs associated with environmental laws and regulations or any remediation of affected properties are not material, and that any future compliance costs would not have a material adverse effect on our business, financial position, results of operations, or cash flows.

8. The number of total employees and number of full-time employees.

At December 31, 2025, the Company had 629 full time employees.

Item 9. The Nature of Products or Services Offered

A. Principal products or services, and their markets.

Our core business involves offering automobile insurance policies categorized as “non-standard” to individuals based primarily on their inability or unwillingness to obtain insurance coverage from standard carriers due to various factors, including their payment history or need for monthly payment plans, failure to maintain continuous insurance coverage or driving record. We believe that a majority of our customers seek non-standard insurance due to flexible payment terms and positive customer service experience.

We offer non-standard personal automobile insurance through our own underwritten insurance policies primarily through independent agents in 15 states, and we are also licensed to write insurance in 11 other states that are not currently utilized.. We also sell an insurance product for renters that we underwrite.

For the year ended December 31, 2025, two single independent agent groups produced 46% and 40% of premiums earned, respectively, totaling 86%. At December 31, 2025, we also had approximately 850 other active independent agent locations who primarily represent the balance of the Company’s business.

The Company’s largest independent agent operates primarily from retail locations, including the ones that it purchased from the Company in December 2023. The second largest agent utilizes a technology-driven method of distribution.

As an insurance company, we are a servicer and underwriter of non-standard personal automobile insurance. We offer customers automobile insurance with low down payments, competitive monthly payments, and a high level of personal service. This strategy makes it easier for our customers to obtain automobile insurance, which is legally mandated in the states in which we currently operate. Currently, our policy life expectancy is lower than that of standard personal automobile insurance providers due to the payment patterns of our customers. However, we accept customers seeking insurance who have previously terminated coverage provided by us without imposing any additional requirements on such customers. Our business model and systems allow us to issue policies efficiently and, when necessary, cancel them to minimize the potential for credit loss while adhering to regulatory cancellation notice requirements.

B. Distribution methods of the products or services.

Following the December 1, 2023 sale of our insurance agency operations, we now primarily distribute our products through independent agents.

C. Status of any publicly announced new product or service.

We have not publicly announced any new product or service.

D. Competitive business conditions, the issuer’s competitive position in the industry, and methods of competition.

The non-standard personal automobile insurance business is highly competitive. Our primary competition comes not only from national companies or their subsidiaries, but also from non-standard insurers and independent agents that operate only in specific regions or states. We compete against other insurance companies and independent agents that market insurance on behalf of a number of insurers. We compete with these other insurers on factors such as initial down payment, availability of monthly payment plans, price, customer service and claims service.

E. Sources and availability of raw materials and the names of principal suppliers.

We do not use raw materials.

F. Dependence on one or a few major customers.

For the year ended December 31, 2025, two single independent agent groups produced 46% and 40% of premiums earned, respectively, totaling 86%. At December 31, 2025, we also had approximately 850 other active independent agent locations who primarily represent the balance of the Company’s business.

G. Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration.

The Company maintains trademarks related to our trade names and logos. We do not have any patents, franchises, concessions, royalty agreements, or labor contracts. See Item 8 B.5. for information regarding our required licenses.

H. The need for any government approval of principal products or services and the status of any requested government approvals.

Insurance products are required to be reviewed and approved by insurance regulators in the various states in which we conduct business. Variations on certain products may occur on a state-by-state basis based on the laws or regulations of a given state. From time-to-time, we do seek to add new products and modify existing products, but the Company is not currently awaiting any approval that materially impacts our ability to conduct business.

Item 10. The Nature and Extent of the Issuer's Facilities

We lease office space in two separate facilities (a total of approximately 80,000 square feet) in Nashville, Tennessee for our corporate office and customer service, claims, and data center. We also lease office space for a regional claims office in Tampa, Florida.

Part D – Management Structure and Financial Information

Item 11. The Name of the Chief Executive Officer, Members of the Board of Directors, as well as Control Persons

A. Officers and Directors

<p>Kenneth D. Russell</p>	<p><u>President and Chief Executive Officer and a Director Since 2014</u></p>
<p>(Age 77)</p>	<p><u>Business Experience:</u> Since November 2021, Mr. Russell had served as a Special Advisor to the Company. Since the death of Larry Willeford in October 2022, he has served as President and Chief Executive Officer. He previously served as the Company's Chief Executive Officer from October 2019 through November 2021. Mr. Russell previously served as both the Company's Interim President and Chief Executive Officer from October 2016 until October 2019. From June 2015 to September 2016, Mr. Russell served as President and Chief Executive Officer of Mechanics Bank, an affiliate of Gerald J. Ford. He was a director of Mechanics Bank from June 2015 to September 2025 and since that date he has been a director of Mechanics Bancorp, now a public company listed on NASDAQ and still an affiliate of Gerald J. Ford. Mr. Russell is a former member of the managing board of directors for KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft (KPMG DTG). Prior to joining KPMG DTG, Mr. Russell was the lead financial services partner in the US KPMG LLP's Department of Professional Practice in New York. Prior to joining the Department of Professional Practice at KPMG in 1993, Mr. Russell spent 20 years in KPMG's Dallas office and had engagement responsibilities for several significant regional banking, thrift, and other financial services clients.</p> <p><u>Other Current Board Positions:</u> Hilltop Holdings Inc. and Mechanics Bancorp</p> <p><u>Relationship to Company:</u> Mr. Russell is the President and Chief Executive Officer and a Director of the Company.</p>
<p>Brian Dickman</p>	<p><u>Executive Vice President and Chief Financial Officer</u></p>
<p>(Age 52)</p>	<p><u>Business Experience:</u> Mr. Dickman has been the Company's Executive Vice President and Chief Financial Officer since December 2019. From 2011 to 2019, Mr. Dickman was Director – Financial Analysis and Strategy for Direct General Insurance.</p> <p><u>Other Current Board Positions:</u> None</p> <p><u>Relationship to Company:</u> Mr. Dickman is the Executive Vice President and Chief Financial Officer of the Company.</p>
<p>Ronald H. Davies</p>	<p><u>Director Since: 2024</u></p>
<p>(Age 60)</p>	<p><u>Business Experience:</u> Mr. Davies served from 2012 to 2021 as President and CEO of the Safe Auto Insurance Group, a non-standard insurance carrier, which was acquired by Allstate in 2021. He began his insurance career with the co-founding of SureDeposit.com followed by joining Progressive Insurance Company in 2001 and most recently serving as Chief Insurance Officer for Vivant Inc. (NYSE: VVNT) where he lead an internal start up insurance opportunity.</p> <p><u>Other Current Board Positions:</u> None.</p> <p><u>Relationship to Company:</u> Mr. Davies is an Independent Director.</p>

Donald J. Edwards	<u>Director Since: 2002</u>
(Age 60)	<p><u>Business Experience:</u> Mr. Edwards is the Chief Executive Officer of Flexpoint Ford, LLC, a Chicago-based private equity firm focused on healthcare and financial services. Prior to July 2002, Mr. Edwards served as a principal in GTCR Golder Rauner, a Chicago-based private equity firm, for over eight years where he was the head of the firm’s healthcare investment effort. Mr. Edwards has experience in strategic planning, management, finance, and investments.</p> <p><u>Other Current Board Positions:</u> None.</p> <p><u>Relationship to Company:</u> Mr. Edwards is an Independent Director.</p>

Gerald J. Ford	<u>Principal Shareholder</u>
(Age 81)	<p><u>Business Experience:</u> Gerald J. Ford most recently served as the Chairman of the Board of Hilltop Holdings Inc. until April 2025. He was Chairman of the Board of Directors and a director of the Company until 2011.</p> <p><u>Other Current Board Positions:</u> None.</p> <p><u>Relationship to Company:</u> Gerald J. Ford controls approximately 60% of our outstanding common stock. He is the father of Jeremy B. Ford, the Chairman of our Board of Directors, and the father-in-law of Corey G. Prestidge, a member of our Board of Directors.</p>

Jeremy B. Ford	<u>Director Since: 2011</u>
(Age 51) <i>Chairman of the Board of Directors</i>	<p><u>Business Experience:</u> Mr. Ford is the Chairman of the Board of Directors. He currently serves as Chairman of the Board of Directors, President, and Chief Executive Officer of Hilltop Holdings Inc. (“Hilltop”), a financial holding company that owns PlainsCapital Bank, PrimeLending (mortgage lender), and HilltopSecurities. Prior to joining Hilltop, he worked for Ford Financial Fund, L.P., a private equity fund, and for Diamond A-Ford Corporation, a family limited partnership. Mr. Ford has extensive experience in operating a public company, as well as mergers and acquisitions.</p> <p><u>Other Current Board Positions:</u> Hilltop Holdings Inc.</p> <p><u>Relationship to Company:</u> Jeremy B. Ford is the Chairman of the Board of Directors. He also is the son of Gerald J. Ford who controls approximately 60% of our outstanding common stock and the brother-in-law of a member of our Board of Directors, Corey G. Prestidge.</p>

Craig Gentry	<u>Director Since: 2025</u>
(Age 59)	<p><u>Business Experience:</u> Mr. Gentry has over 27 years of strategic and tactical experience managing independent agents and served as a Regional Sales Manager for Progressive Insurance from 1999 to 2021. Most recently, from 2021 to 2022, he was Vice President – Sales for Polly leading a staff of 30 who oversaw the distribution and performance of 1,800 auto dealerships. He received his B.S. in Marketing from Middle Tennessee State University.</p> <p><u>Other Current Board Positions:</u> None</p> <p><u>Relationship to Company:</u> Mr. Gentry is an Independent Director.</p>

Tom C. Nichols	<u>Director Since:</u> 2005
(Age 78)	<p><u>Business Experience:</u> Mr. Nichols is currently the owner and Chief Executive Officer of Carlile Holdings, Inc., a family investment office. He served as Chairman and Chief Executive Officer of Carlile Bancshares, Inc. from March 2008 through its April 2017 acquisition by Independent Bancshares, Inc. for which he served as a director. He served as President and a director of First United Bancorp and Chairman, President and Chief Executive Officer of State National Bancshares, Fort Worth from October 1996 to March 2008. Mr. Nichols previously served as President of Ford Bank Group and as a director of United New Mexico Financial Corporation. Mr. Nichols has executive experience in strategic planning, management, and finance.</p> <p><u>Other Current Board Positions:</u> Hilltop Holdings Inc.</p> <p><u>Relationship to Company:</u> Mr. Nichols is an Independent Director.</p>

Lyndon L. Olson	<u>Director Since:</u> 2004
(Age 79)	<p><u>Business Experience:</u> From 2011 until 2015, Mr. Olson served as Chairman of Hill+Knowlton Strategies, Europe and USA, a global public relations company. Mr. Olson served as a Senior Advisor to the Chairman of Citigroup, Inc. from 2001 until 2008. Mr. Olson served as United States Ambassador to Sweden from 1998 until 2001. From 1990 to 1998, Mr. Olson served as Chairman and Chief Executive Officer of Travelers Insurance Group Holdings, Inc. and Associated Madison Companies, Inc. Prior to joining Travelers, Mr. Olson served as President of the National Group Corporation and Chief Executive Officer of its National Group Insurance Company. Mr. Olson has executive experience in strategic planning, management, insurance regulatory compliance and finance, with particular emphasis on the insurance industry.</p> <p><u>Other Current Board Positions:</u> None</p> <p><u>Relationship to Company:</u> Mr. Olson is an Independent Director.</p>

Corey G. Prestidge	<u>Director Since:</u> 2025
(Age 51)	<p><u>Business Experience:</u> Mr. Prestidge has been a practicing attorney for more than 25 years, specializing in corporate and securities law. He has served as General Counsel and Secretary of Hilltop Holdings Inc. since January 2008. Mr. Prestidge also has provided legal counsel to the Company since 2012. From November 2005 to January 2008, he served as an associate in the corporate and securities practice group at Jenkens & Gilchrist. Mr. Prestidge received his B.S. in Economics from Southern Methodist University and his J.D. from Southern Methodist University Dedman School of Law.</p> <p><u>Other Current Board Positions:</u> None</p> <p><u>Relationship to Company:</u> Mr. Prestidge is the son-in-law of Gerald J. Ford who controls approximately 60% of our outstanding common stock, and the brother-in-law of our Chairman of the Board, Jeremy B. Ford.</p>

Raimundo Ruiz	<u>Director Since:</u> 2025
(Age 61)	<p><u>Business Experience:</u> Mr. Ruiz has over 35 years of experience in the personal lines insurance market focusing on program development integrating technology and underwriting discipline. He has been the Chief Executive Officer for Patriot General since November 2022, and his experience includes tenure as Chairman, President and CEO of Embark General from 2018 to 2022 and as Chief MGA Officer for Confie from 2015 to 2018. He received is B.A. in Economics from the University at California Irvine.</p> <p><u>Other Current Board Positions:</u> None</p> <p><u>Relationship to Company:</u> Mr. Ruiz is an Independent Director.</p>

William A. Shipp, Jr.	<u>Director Since:</u> 2004
(Age 73)	<p><u>Business Experience:</u> Mr. Shipp has been a principal of W.A. Shipp, Jr. & Co., a business and financial advisory firm, since July 1995 and has served as Treasurer/Secretary of the Jack C. Massey Foundation since July 1999, as a Director of the Foundation since April 2015, and as President since November 2016. From December 1983 to June 1995, Mr. Shipp served as Vice President of Massey Investment Company, the family office of Jack C Massey. Prior to joining Massey Investment Company, Mr. Shipp worked for more than eight years in various audit and tax capacities for Ernst & Young LLP. Mr. Shipp is a certified public accountant with the CGMA designation and has experience in accounting, finance, and investments.</p> <p><u>Other Current Board Positions:</u> Jack C. Massey Foundation.</p> <p><u>Relationship to Company:</u> Mr. Shipp is an Independent Director.</p>

The business address of our directors and executive officers is 3813 Green Hills Village Drive, Nashville, TN 37215. The address of Gerald J. Ford is 6565 Hillcrest Avenue, Suite 600, Dallas, TX 75205.

2025 Compensation of Executive Officers

The following table summarizes information with respect to the compensation paid to our executive officers in 2025.

Name and Principal Position	Salary (\$)	Bonus (\$)	Stock Awards (\$) (1)	Total (\$)
Kenneth D. Russell President and Chief Executive Officer	(2) 400,000	356,250	125,008	881,258
Brian Dickman Executive Vice President and Chief Financial Officer	(3) 333,905	173,672	35,000	542,577

- (1) Represents the aggregate grant date fair value of restricted stock units granted computed in accordance with FASB ASC 718. Aggregate compensation expense is equal to the grant date fair value based on the closing stock price on the date of grant.
- (2) Mr. Russell also serves in various capacities for affiliates of Gerald J. Ford, our principal stockholder. The salary amounts represent reimbursements by the Company to Mr. Russell's current employer, Diamond-A Administration Company, at an annual rate of \$400,000.
- (3) Mr. Dickman's current annual salary is \$335,000.

2025 Director Compensation

Each director receives an annual retainer of \$30,000, payable in equal, quarterly installments. The Chairman of the Board and the Chairman of the Audit Committee receive additional annual retainers of \$10,000 and \$5,000, respectively, payable in equal, quarterly installments. Directors also receive a fee of \$2,500 for each Board of Directors meeting attended and \$1,000 for each Board committee meeting attended. In addition, directors receive an award pursuant to the Amended and Restated First Acceptance Corporation 2002 Long Term Incentive Plan of 1,000 shares of common stock on the date of each annual meeting of our stockholders.

The following table summarizes information with respect to the compensation paid to the members of our Board in 2025.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Total (\$)
William A. Shipp, Jr.	53,000	3,630 (1)	56,630
Ronald H. Davies	48,000	4,000 (1)	52,000
Kenneth D. Russell	48,000	3,630 (1)	51,630
Tom C. Nichols	45,000	3,630 (1)	48,630
Jeremy B. Ford	42,500	4,000 (1)	46,500
Craig Gentry	11,000	35,200 (2) (4)	46,200
Raimundo Ruiz	11,000	35,200 (2) (4)	46,200
Lyndon L. Olson, Jr.	42,000	3,630 (1)	45,630
Donald J. Edwards	41,500	4,000 (1)	45,500
Rhodes R. Bobbitt	25,000	—	25,000
Corey G. Prestidge	10,000	— (3)	10,000

- (1) Represents the proportionate amount of the total value of stock awards to directors recognized as an expense during 2025 for financial accounting purposes under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718-20, Compensation – Stock Compensation, disregarding for this purpose estimated forfeitures relating to service-based vesting conditions. Compensation expense is equal to the grant date or vesting date fair value of the stock awards using the closing price for the Company's common stock.
- (2) Craig Gentry and Raimundo Ruiz joined the Board of Directors effective October 1, 2025.
- (3) Corey G. Prestidge joined the Board of Directors effective November 4, 2025.
- (4) Represents the aggregate grant date fair value of restricted stock units granted computed in accordance with FASB ASC 718. Aggregate compensation expense is equal to the grant date fair value based on the closing stock price on the date of grant.

Beneficial Ownership of Directors and Officers

The following table shows the amount of our common stock beneficially owned as of December 31, 2025 by our current directors and our named executive officers.

Name	Outstanding Shares (1)	(2)	Percent of Class
Jeremy B. Ford	2,820,552	(2)	7.7%
Kenneth D. Russell	1,146,134		3.1%
Donald J. Edwards	551,666		1.5%
Tom C. Nichols	125,000		*
Lyndon L. Olson, Jr.	70,000		*
Brian Dickman	55,897		*
William A. Shipp, Jr.	46,501		*
Corey G. Prestidge	18,250		*
Ronald H. Davies	1,810		*

* Represents less than 1% of our outstanding common stock.

- (1) The number of shares shown includes shares that are individually or jointly owned, as well as shares over which the individual has either sole or shared investment or voting authority.
- (2) Excludes shares beneficially owned by Hunter's Glen (See Beneficial Ownership of Control Persons table.). Mr. Jeremy B. Ford is the beneficiary of a trust that owns approximately 46% of Hunter's Glen. Mr. Jeremy B. Ford disclaims beneficial ownership of the shares owned by Hunter's Glen, except to the extent of his pecuniary interest therein.

B. Legal/Disciplinary History

In the last five years, none of our officers, directors or control persons have been the subject of any of the following:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended, or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding, or judgment has not been reversed, suspended, or vacated; or
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or security activities.

C. Disclosure of Family Relationships

Jeremy B. Ford, Chairman of the Board, is the son of Gerald J. Ford who controls approximately 60% of our outstanding common stock and the brother-in-law of a member of our Board of Directors, Corey G. Prestidge.

Corey G. Prestidge is the son-in-law of Gerald J. Ford who controls approximately 60% of our outstanding common stock, and the brother-in-law of our Chairman of the Board, Jeremy B. Ford.

D. Disclosure of Related Party Transactions

The Company also operates under standard agreements for Treasury and Custodial Services with a bank indirectly owned 27% by Gerald J. Ford. The fees under these agreements for the year ended December 31, 2025 were \$107 thousand.

In March 2025, the Company repurchased 878,240 shares of the Company's common stock from Rhodes R. Bobbitt, a retiring member of its Board of Directors for total consideration of \$3.6 million.

E. Disclosure of Conflicts of Interest

There are no conflicts of interest with regards to our executive officers and directors.

Item 12. Financial Information for the Issuer's Most Recent Fiscal Period

Our audited consolidated financial statements for the year ended December 31, 2025, were filed separately through the OTC Disclosure and News Service, are available at www.otcmarkets.com and incorporated herein by reference.

Item 13. Similar Financial Information for Such Part of the Two Preceding Fiscal Years as the Issuer or its Predecessor Has Been in Existence

Our audited consolidated financial statements for the year ended December 31, 2025, are incorporated herein by reference and available through the OTC Disclosure and News Service, or at www.otcmarkets.com. Prior to April 9, 2018, the Company traded on the New York Stock Exchange. The Annual Report on Form 10-K for the year ended December 31, 2017 was previously filed by the Company with the Securities and Exchange Commission and is incorporated herein by reference.

Item 14. Beneficial Owners

Beneficial Ownership of Control Persons

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Gerald J. Ford (2) 6565 Hillcrest Avenue, Suite 600 Dallas, Texas 75205	21,851,599	59.5%
Jeremy B. Ford 3813 Green Hills Village Drive Nashville, Tennessee 37215	2,820,552	7.7%

(1) Based on 36,694,638 shares of common stock outstanding on December 31, 2025.

(2) Includes 19,019,653 shares owned through Hunter's Glen/Ford Ltd. ("Hunter's Glen") and 2,268,218 shares owned through Turtle Creek Revocable Trust ("Turtle Creek Trust"). Because Mr. Ford is one of two general partners of Hunter's Glen and the sole stockholder of Ford Diamond Corporation, a Texas corporation and the other general partner of Hunter's Glen, Mr. Ford is considered the beneficial owner of the shares that Hunter's Glen owns. Since Mr. Ford is trustee of Turtle Creek Trust, Mr. Ford is considered the beneficial owner of the shares that Turtle Creek Trust owns.

We are not aware of any additional beneficial stockholders owning 5% or more of our Common Stock. It is possible that there are one or more additional beneficial holders of a significant percentage of our Common Stock, however the federal securities laws do not require a beneficial stockholder of 5% or more of our Common Stock to disclose that information publicly or to the Company. The table above is based on the best information available to the Company.

Item 15. The Name, Address, Telephone Number, and Email Address of Each of the Following Outside Providers that Advise the Issuer on Matters Relating to Operations, Business Development and Disclosure

Our securities counsel is:

Corey G. Prestidge
Hilltop Holdings, Inc.
6565 Hillcrest Avenue
Dallas, TX 75205
cprestidge@hilltop-holdings.com
(214) 855-2177

Our auditor is:

Crowe LLP
720 Cool Springs Boulevard
Suite 600
Franklin, TN 37067
(615) 360-5500

Preparation of our consolidated financial statements is the responsibility of the Company. Crowe LLP is responsible for conducting an audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America, with the objective of expressing an opinion as to whether the presentation of the consolidated financial statements conforms with accounting principles generally accepted in the United States of America (GAAP). Crowe LLP has confirmed to us that the firm is licensed to practice public accounting in the states in which we conduct our business. Crowe LLP is registered with the PCAOB.

Item 16. Management's Discussion and Analysis or Plan of Operation

A. Plan of Operation

This item is not applicable as we have had revenue in each of the last two fiscal years.

B. Management's Discussion and Analysis of Financial Condition and Results of Operations

Our Management's Discussion and Analysis of Financial Condition and Results of Operation for each of the last two fiscal years are incorporated by reference to our Annual Report filed separately through the OTC Disclosure and News Service, available at www.otcmarkets.com.

C. Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Part E – Issuance History

Item 17. List of Securities Offerings and Shares Issued for Services in the Past Two Years

We have had no securities offerings or shares issued for services during the past two fiscal years, or since December 31, 2025.

Part F – Exhibits

Item 18. Material Contracts

1. Amended and Restated First Acceptance Corporation 2002 Long Term Incentive Plan, was filed as Exhibit 10.1 of the Company's Current Report on Form 8-K dated November 23, 2009 and is incorporated herein by reference.
2. Second Amended and Restated First Acceptance Corporation Employee Stock Purchase Plan, was filed in the Company's Report on Form 10-K dated December 31, 2017 as Exhibit 10.4 and is incorporated herein by reference.
3. Form of Indemnification Agreement between the Company and each of the Company's directors and executive officers, was filed in the Company's Report on Form 10-K dated December 31, 2012 as Exhibit 10.6 and is incorporated herein by reference.
4. Junior Subordinated Indenture, dated June 15, 2007, between First Acceptance Corporation and Wilmington Trust Company, was filed as Exhibit 99.2 in the Company's June 18, 2007 Report on Form 8-K and is incorporated herein by reference.
5. Guarantee Agreement, dated June 15, 2007, between First Acceptance Corporation and Wilmington Trust Company, was filed as Exhibit 99.3 in the Company's June 18, 2007 Report on Form 8-K and is incorporated herein by reference.
6. Amended and Restated Trust Agreement, dated June 15, 2007, among First Acceptance Corporation, Wilmington Trust Company and the Administrative Trustees Named Therein, was filed as Exhibit 99.4 in the Company's June 18, 2007 Report on Form 8-K and is incorporated herein by reference.
7. On December 1, 2023, the Company entered into a Securities Purchase Agreement with Alliant Insurance Services ("Alliant") to sell 100% of its issued and outstanding shares of capital stock of its wholly-owned subsidiary, Acceptance Insurance Agency of Tennessee, Inc., for net cash consideration of up to \$120 million which included \$55 million paid at closing and \$20 million held in escrow which was released monthly from March 2024 through December 2024. The Company received additional contingent consideration of \$15 million on December 1, 2024 and \$10 million on December 1, 2025 and is eligible to receive an additional consideration of \$20 million on December 1, 2026 based upon achievement of certain annual premium production targets. The agreement provides that the Company would receive its additional contingent consideration in its entirety should the buyer fail to submit applications within the applicable underwriting guidelines of the Insurance Companies, provided that the Company has not breached any of its agreements with the buyer. The agreement also provides that any contingent consideration payments to the Company would be used to maintain \$100 million of capital and surplus in the Insurance Companies. The Company also on this date entered into a Producer Agreement with certain insurance agency affiliates of Alliant to operate as independent agents of the Company with terms effective through December 31, 2026.

Item 19. Articles of Incorporation and Bylaws

The Articles of Incorporation, as Restated in 2004, were filed as Exhibit 3.1 to the Company's Report on Form 8-K dated May 3, 2004 and incorporated herein by reference. The Bylaws as Amended and Restated November 7, 2007, were filed as Exhibit 3.2 to the Company's Report on Form 8-K dated November 7, 2007 and are incorporated herein by reference.

Item 20. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During the three months ended March 31, 2025, the Company purchased in five private transactions, a total of 1,716,878 shares from two former employees, a former board member and two former stockholders, for total consideration of \$6.6 million or an average of \$3.82 per share.

Item 21. Issuer's Certifications

I, Kenneth D. Russell, Chief Executive Officer, certify that:

1. I have reviewed this annual disclosure statement of First Acceptance Corporation;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: March 3, 2026

/s/ Kenneth D. Russell

Kenneth D. Russell

Chief Executive Officer

I, Brian Dickman, Executive Vice President and Chief Financial Officer, certify that:

1. I have reviewed this annual disclosure statement of First Acceptance Corporation;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: March 3, 2026

/s/ Brian Dickman

Brian Dickman

Executive Vice President and Chief Financial Officer