American European Insurance Company NAIC # 23337

GOVERNANCE

1. *Disclose the insurer's governance around climate-related risks and opportunities.*

In disclosing the insurer's governance around climate-related risks and opportunities insurers should consider including the following:

• Identify and include any publicly stated goals on climate-related risks and opportunities.

Company Response: The Company is committed to playing its part as an employer and corporate citizen to minimize its carbon footprint through updates to its office environments as well as adoption of a hybrid workplace and remote workplace business model.

• Describe where climate-related disclosure is handled within the insurer's structure, e.g., at a group level, entity level, or a combination. If handled at the group level, describe what activities are undertaken at the company level.

Company Response: The Company reviews opportunities to improve its carbon footprint at the Group level. The process is owned by the CEO. The subsidiary companies share common infrastructure with the Group.

A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.

In describing the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks, insurers should consider including the following:

• Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.

Company Response: Climate impacts are discussed annually by the Group CEO at the Q4 Board meeting.

B. Describe management's role in assessing and managing climate-related risks and opportunities.

Company Response: We own the building in which we have offices in Cherry Hill NJ. On a periodic basis, we are investing in upgrading building and components (lighting, heating, air conditioning, etc…) to more energy efficient alternatives. This is being done on an incremental basis, with full completion currently scheduled for year end 2025.

STRATEGY

2. *Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy, and financial planning where such information is material.*

In disclosing the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy and financial planning, insurers should consider including the following:

• Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency. *

Company Response: Our business appetite includes homeowners insurance in eastern seaboard states, and commercial package policies in eastern seaboard states. The commercial lines insurance products are not presently sensitive to carbon footprint underwriting as that narrow focus would put us at a competitive disadvantage in the marketplace.

• Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations. *

Company Response: The company has been changing lighting in all common areas as well as within its office suite to energy efficient LED systems. The lighting change project will be completed in Q4 2024. The upgrade to a more energy efficient air conditioning system was completed in Q1 2024. The move to hybrid and remote workplace strategies promotes an improved footprint given the

reduction in commuting travel to/from the office. Finally, we have moved our operating environment into a state of the art policy admin system, which will reduce paper handling in the office as we move to improved automation.

A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.

In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and longer term, insurers should consider including the following:

• Define short, medium, and long-term, if different than 1-5 years as short term, 5-10 years as medium term, and 10-30 years as long term.

Company Response: We are focused on short term changes only at this point in time with projects including systems upgrades in owned real estate, hybrid and remote workplace strategies, and improved automation through better technology.

B. Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning.

In describing the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning, insurers should consider including the following:

• Discuss if and how the insurer provides products or services to support the transition to a low carbon economy or helps customers adapt to climate-related risk.

Company Response: To date, we have not changed our underwriting appetites to promote climate transition. Unless or until we can see a business case for doing so which equates to improved bottom line performance, our activities will be restricted to improving office environments, reduction in commuting travel for employees, and leveraging up improved technology and automation.

• Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

Company Response: The Company invests in improved building efficiencies including lighting, air conditioning, and heating. The Company also is investing in improved technology to promote improved automation which reduces paper consumption. We do not have any restrictions on asset classes or asset mix that tie specifically to carbon neutral targets, and instead rely on a diversified approach to evaluating and managing investment opportunities and investment positions.

C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

Company Response: At the present time, the Company does not believe that a 2 degree change will result in material impairment of its investments or of its insurance policy opportunities.

RISK MANAGEMENT

3. *Disclose how the insurer identifies, assesses, and manages climate-related risks.*

In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:

• Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk. *

Company Response: At present, our underwriting, risk management, and reinsurance utilization posture incorporates distance from coast, construction characteristics, elevation, and other underwriting characteristics to limit exposure to hurricane related water surge and flood. As part of

this, we model the overall portfolio on a quarterly basis, and re-run our catastrophe risk modeling software to ensure the PML's are within our risk tolerance.

• Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable. *

Company Response: At present, there are no communications directed at policyholders to improve their carbon footprints.

• Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered. *

Company Response: We do not have any restrictions on asset classes or asset mix that tie specifically to carbon neutral targets, and instead rely on a diversified approach to evaluating and managing investment opportunities and investment positions.

A. Describe the insurers' processes for identifying and assessing climate-related risks.

In describing the insurers' processes for identifying and assessing climate-related risks, insurers should consider including the following:

• Discuss whether the process includes an assessment of financial implications and how frequently the process is completed. *

Company Response: At present, our underwriting, risk management, and reinsurance utilization posture incorporates distance from coast, construction characteristics, elevation, and other underwriting characteristics to limit exposure to hurricane related water surge and flood. As part of this, we model the overall portfolio on a quarterly basis, and re-run our catastrophe risk modeling software to ensure the PML's are within our risk tolerance.

B. Describe the insurer's processes for managing climate-related risks.

C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.

In describing how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management, insurers should consider including the following:

• Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.

Company Response: We review the PML management as part of the Enterprise Risk Framework which is discussed quarterly with the Board.

• Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered.

Company Response: We use AIR for risk and catastrophe modeling. We review model outputs at 1:7.5 year, 1:25 year, 1:50 year, and 1:100 year PML across all perils inherent in eastern seaboard business.

• Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.

Company Response: At present, investments are not modeled or stress tested for climate risks.

METRICS AND TARGETS

4. *Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.*

In disclosing the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material, insurers should consider including the following:

• Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.

Company Response: At present, our underwriting, risk management, and reinsurance utilization posture incorporates distance from coast, construction characteristics, elevation, and other underwriting characteristics to limit exposure to hurricane related water surge and flood. As part of this, we model the overall portfolio on a quarterly basis, and re-run our catastrophe risk modeling software to ensure the PML's are within our risk tolerance. On a quarterly basis, modeling results for PML at various return periods are incorporated into the Enterprise Risk framework and shared with the Board at Quarterly Board of Director meetings. All perils are modeled which are inherent to eastern seaboard states including hurricane, convective storm, winter storm, flood, and wildfire.

A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.

In disclosing the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process, insurers should consider including the following:

• In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions.

Company Response: We buy reinsurance to the 1:100 PML across all of our business. In addition, we also purchase a reinsurance reinstatement premium coverage which manages down our overall cost in the event of a 1:100 event.

B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.

* Asterisks represent questions derived from the original Climate Risk Disclosure Survey.