Climate Risk Disclosure Survey
Reporting Year 2023

1. Governance

Stillwater's management team understands it has a crucial role in assessing and managing climate-related risks and opportunities. The Company has a strong risk-averse culture (including climate-related risks) that is continually reinforced by its' senior leadership.

The Board provides oversight of risks (including climate-related risks) via formal quarterly meetings and informal conversations on an as-needed basis. At each quarterly meeting the Board is made aware of climate-related issues via granular discussions around (a) loss reporting by line of business, by state, by peril, cat vs non-cat, etc. (b) reinsurance renewals, (c) reserve development analyses and (d) other relevant topics.

2. Strategy

Energy efficiency represents the biggest short-term opportunity for Stillwater to manage mounting energy cost pressures triggered by current economic and geopolitical forces while helping to create a more sustainable, affordable, reliable, and secure energy future for all.

Advancements in data analytics technology deliver significant cost savings making energy efficiency one of the fastest and most cost-effective actions to reduce energy costs while advancing progress towards global climate targets.

The Company has two web-based platforms along with our mobile app to help manage and reduce emissions in its operations.

Web-based Platform for Agents - The Agent portal on Stillwater.com enables on-line quoting, policy issuance, endorsements, servicing, billing, and remittance for all independent agents/business partners. On average, 14,000 agents access our site each month to access the needed data electronically. In 2024 we introduced a feature where our agents can opt in to receive email notifications when a policy's status changes to cancellation or non-renewal and when claim has been opened or closed. To date, 2,000 of our agents have signed up for this feature which eliminates the need for us to send paper notification to our agents. In addition, during the quoting process, we make it easy for our partners to encourage policyholders to register their account and "Go Green" to access their policy documents.

Web-based Platform for Policyholders - The Customer portal on Stillwater.com enables policyholders to access their generic policy documents electronically via e-Docs (permissible in 24 states) eliminating the requirement for generic policy statements to be mailed. As a result of this initiative, we have been able to avoid printing an average of 90,000 pages per week. The

use of eDocs also reduces the throughput on our high-speed printers and inserters thereby reducing energy use, toner, and other associated consumables. We have averaged approximately 1,370 eDoc views per month in 2024 as of the date of this submission.

Currently, approximately 50% of our policyholders have registered their accounts on our Self-Service platform, up from 46% last year due to our continued enhancements and proactive measures to encourage registration. Once an account is registered, policyholders have direct access to their policies electronically and can view their documents, make a payment, file a claim, or reach out to our customer service team via chat, email, or phone. To date, approximately 47% of our policyholders who have registered their account have made at least a one-time payment via our Self-Service platform.

Our Self-Service platform makes it easy for policyholders to choose paperless by simply changing their preferences in Account Settings. When new documents or notices are available to view, we email a link to our policyholders so they can view them electronically. As of the date of this response, paperless was activated for approximately 17% of our total policy count, and 38% of those who registered on our Self-Service platform.

Mobile App for Policyholders – In the past two years we have had 12,265 downloads of our mobile app in both Google Play and Apple Stores. Policyholders can view their documents, make payments and report claims from their mobile devices.

In summary, the two web-based platforms and the mobile app enable the Company to:

(a) reduce the environmental impact of the use of consumables,
(b) maximize the productivity of its Customer Service Representatives,
(c) better control the size of its physical footprint and related environmental impact and
(d) more effectively manage its costs in all these areas.

The Company monitors and manages climate-related events, daily claims reports, loss estimates in real time utilizing an address scrubbing routine from an outside source for geocoding i.e., to obtain and maintain census tract and block group, FIPS state and county codes, and latitude/longitude. The Company's proprietary brush mapping tool – utilized in all 50 states as part of our Wildfire control program – has consistently outperformed 3rd party solution providers. Management reviews mapping and other reports daily and can instantly shut down areas with a high degree of granularity and precision (down to the neighborhood level) based on fire, storm or other activity. Such refinements are, of course, made in compliance with applicable state regulations.

The Company's size (~400 total employees as of the date of this response) is such that all members of the management team are in daily communication with each other as needed.

Company management is also in close, frequent contact with outside service providers such as investment managers, reinsurance providers and actuarial service providers.

Climate change risks are evaluated in the Company's ERM plan and risks identified are factored into the Cat reinsurance modeling and contracts and the Company's DR and BC plans.

This close oversight provides an adequate structure for identifying, discussing and responding to emerging trends and issues.

The Company's actuaries and cat reinsurance broker consider climate change in the analyses (e.g., catastrophe modeling, reinsurance strategies) they perform for the Company. Company management discusses climate issues with these providers so they can partner with us to balance the Company's need to maintain and protect a healthy surplus with its desire to grow at a sensible rate and remain competitive in the marketplace. As new versions of modeling software are introduced, comparisons of the old to new versions are reviewed.

3. Risk Management

The Company's online quoting system (FIRST) has built-in underwriting standards and edits to prevent ineligible business from being written and, as a general business practice, exceptions are not available. Regional Sales Managers work closely with independent agents to ensure they understand products, pricing and practices. In addition, Company management assesses and balances market demand for new products with its intention to manage overall risk tolerance. Prudent re-insurance strategies are employed to offer products for which there is demand in the marketplace, but which exceed management's risk tolerance level. Finally, the Company maintains a strong balance of policyholder surplus reserves in the event of excessive losses.

Each quarter the Company models its book of business for hurricane, conductive storm, storm surge, wildfire and earthquake risks. The risks identified are assessed to pinpoint precise geographic areas (census blocks) most likely exposed and to ascertain the potential impact on claims (both catastrophic and aggregate losses) and on business interruption (claims processing, agent services, etc.). Areas identified as having too great a risk can be closed to new business immediately upon making the determination. The Company believes its HO, Fire and Dwelling products are most exposed to climate change risk.

Over the last decade, there has been a noteworthy increase in the frequency and severity of convective storm activity across the central and eastern United States. To address this the Company began using new modeling software that provides differentiated severe thunderstorm risk perspectives, hail/wind/tornado hot spots and statistically significant trends in risk over time. This software has enabled us to better manage our portfolio, facilitate rate making, support strategic growth and improve risk selection.

In wind-affected states, discounts are offered for mitigation devices/techniques, such as storm shutters, in addition to pricing incentives for higher deductibles. On fire coverage, peril specific coverage limits and sub-limits are in place to transfer some of the risks for secondary effects

back to the policyholder. For example, in coastal and other hurricane-prone states policyholders are sent a “Notice of Premium Discounts for Hurricane Loss Mitigation”, an “Advisory Notice to Policyholder – Calendar Year Hurricane Deductibles” and a “Special Notice” about the importance of Flood insurance. Additionally, where permitted, the Company has introduced new form changes such as: a reduction in Coverage C limits from 50% to 30% and in Coverage D limits from 40% to 20%, minimum windstorm/hail deductibles, matching exclusions, old home and high value home surcharges.

The Company maintains and updates annually both a Business Continuity Plan and a Disaster Recovery Plan, each of which address resources needed to resume normal operations in the event of climate related work outage. The Business Continuity Plan addresses emergency personnel resource requirements, temporary business output outsourcing and network/technology back-up processes. The Disaster Recovery Plan addresses restoration of the physical assets utilized in the operation of the business.

The Company utilizes investment managers who factor many issues into their buy/sell decisions including but not limited to regulatory requirements, liquidity needs, yield, asset allocation, climate issues. They endeavor to construct an investment portfolio that is responsive to climate issues, among other factors. To that end, virtually all of the Company’s holdings of securities in the fossil fuel sector were divested in 2016 and 2017. As of the date of this response, the Company has no holdings in the fossil fuel sector.

Company management believes that future trends in the following areas might deviate substantially from historical trends: (a) increased losses due to the winds remaining at hurricane strength for longer periods of time caused by higher sustained heat levels, (b) increased hurricane and flood related losses due to higher water levels in general, (c) increased losses from more frequent convective storms caused by higher sustained heat levels and (d) increase in fire losses caused by sustained change in rain patterns resulting in a damaging combination of arid conditions that are more susceptible to fires and lower water tables to combat. These events would increase the Company’s exposure to higher losses across all lines of business, but in particular our Homeowner, Allied Lines, Fire and EQ lines which, for calendar year 2023, represented approximately 83% of written premium.

As stated above, the Company licenses its own cat modeling software to model the impact of hurricane, conductive storm, storm surge, wildfire and earthquake activity. The Company also licenses Arc GIS, sophisticated mapping software, to further model its catastrophic exposure in concentration.

The Company seeks to mitigate both its catastrophic and aggregate exposure to climate-related risk with (a) geographic diversification, (b) aggressive rate challenging, (c) transfer of risk to policy holders via peril-specific exclusions in risk-prone areas and pricing incentives for higher deductibles, (d) transfer of risk via catastrophic, aggregate, facultative, and quota share reinsurance, (e) product mix balancing targets and (f) maintenance of a healthy surplus.

Annual renewal of virtually all reinsurance arrangements allows a high degree of flexibility in adapting to risk management conditions that change over time.

4. Metrics and Targets

As stated above, Stillwater uses catastrophe modeling to measure and manage climate-related risks. Because the Company's business is primarily homeowners, we model potential losses from hurricane, earthquake (including fire following), tornado/hail and all perils combined. The modeling information is used to determine the amount of catastrophe reinsurance needed to achieve coverage at the 250-year probable maximum loss level.