

TRADERS INSURANCE COMPANY  
NAIC CODE 42749  
NAIC CLIMATE RISK DISCLOSURE SURVEY  
TCFD-ALIGNED QUESTIONS  
UPDATED 2022

## GOVERNANCE

**Traders Response:** The Company does not have any publicly stated goals on climate-related risks or opportunities. The Board as a whole is responsible for the oversight of Risk Management which would include those risks that may exist due to the climate and climate changes. Due to the nature of the Company's exposure, that risk is primarily related to convective storms and specifically the peril of hail. The Company's executive management meets with Board members semi-annually which includes discussions related to weather related risks, mitigation procedures and action steps to address those risks both operationally and financially.

## STRATEGY

**Traders Response:** The Company writes private passenger automobile in the Midwest. Based on the Company's current business plan and strategy, the primary climate-related risk for the Company in the short, medium and long term is storm severity and specifically the peril of hail.

Presently the Company has not engaged key constituencies on the topic of climate risk and resiliency. Given management's assessment of climate risk on its business the primary focus has been on mitigating such risk using excess of loss protection through the traditional reinsurance markets. That process includes the modeling of the Company's exposure to weather events such as wind, hail, flood and earthquake.

The primary way the Company has reduced greenhouse gas emissions has been through the reduction of travel by its employees. The Company moved to a work from home structure whereby the vast majority of its workforce works from home and office meetings are held via video conferencing. This structure has reduced the need for travel to and from work.

The company is conservatively invested, and the invested assets are 100% invested in fixed income securities primarily US treasuries, agencies, and certificates of deposit. The investment strategy does not specifically contemplate investment in the transition to a low carbon economy.

## RISK MANAGEMENT

**Traders Response:** As mentioned in the previous responses the Company considers the effects of climate change on the severity of convective storms to be its primary climate related risk. The Company models loss scenarios using industry standard modeling tools and purchases excess of loss coverage to mitigate this risk.

As stated under Strategy, the company is conservatively invested, and the invested assets are 100% invested in fixed income securities primarily US treasuries, agencies, and certificates of deposit. The Company does not analyze risks derived from climate scenarios for its investment portfolio.

## METRICS AND TARGETS

**Traders Response:** The Company models loss scenarios utilizing the AIR (Verisk) and RMS industry models. Historically the AIR model has been more consistent and predictive of the Company’s exposure. Modeling results include return periods up to 1,000 years. In 2024 the Company purchased excess of loss coverage up to the 1,000 year return period under the AIR model and between 100-250 years under the RMS model.

We do not currently assess and monitor specific to carbon intensity or Scope 1/2/3 GHG emissions, nor developed internal metrics. However, relative to Scope 1 the Company moved to a work from home structure whereby the vast majority of its workforce works from home and office meetings are held via video conferencing. This structure has materially reduced the need for travel to and from work.