NAIC Climate Risk Disclosure Survey
NAIC Number: 16524
Company Name: Clearcover Insurance Company
Line of Business: Property & Casualty
Group Filing: N

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.

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

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.

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

Response for Governance:

Clearcover Insurance Company ("Clearcover") is a private passenger auto carrier that currently operates in 20 states. Our business is written through independent agents as well as our website. Clearcover does not have publicly stated goals on climate-related risk but we do support environmental responsibility. Due to our size, we do not have the resources to fund a separate climate-related risk department. However, the Insurance Product Team and the Actuarial Team ensure that the carrier maintains a diversified risk by state and by coverages. At this point, the carrier only writes auto so our risk exposure is less than multi-line writers.

Clearcover identifies, manages, and monitors material risks, including climate-related risks, through an Enterprise Risk Management (ERM) framework that is overseen by Clearcover Insurance Company's COO and General Counsel and the employee ERM team. All significant enterprise risks, including climate-related risks, are monitored and mitigated by the Company's ERM team and reported up to the Board through the Audit Committee.

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

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.

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

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

Response for Strategy:

An increased climate-related regulation may impact Clearcover and its customers through higher operating costs and expenses. Increased climate-related regulation may include imposing moratoriums on policy cancellation or non-renewals for nonpayment of premium or requiring further claim handling requirements or procedures after natural catastrophes.

While Clearcover does not have a formal plan for assessing or reducing emissions, we have taken measures to reduce environmental impact. Since we are a digital-first company, we use a cloud based approach for data operations. Our office includes recycling for glass, plastic and paper. All of our employees are fully remote which eliminates the need to drive to work and reduces greenhouse gas emissions. Since we are a digital, product based insurance company, we do not operate agent offices. Clearcover focuses on being a paperless company which allows customers to sign documents electronically and view all documents within our app.

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.
- Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.
- Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.

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.

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.
- 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.
- 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.

Response for Risk Management:

The Company identifies, measures, manages, and monitors material risks through the ERM committee. The Company also assesses these types of risks through our actuarial reviews and identifies acceptable risks through our underwriting guidelines. Additionally, Clearcover purchases catastrophe excess of loss reinsurance to further protect the carrier from climate related risks.

Clearcover uses an outside third party company that is experienced in investments to manage and control the company's investment risks.

At this time, since Clearcover exclusively writes in the Auto line, it does not use traditional Climate Risk models for underwriting guidance. However, Clearcover is cognizant and appreciates the risk in diversifying the company's risk and risk of climate related risks is a factor in risk diversification, as discussed in more detail below.

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.

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.

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.

Response for Metrics and Targets:

The Company uses computer modeling to monitor for concentrations of CAT exposed risks but does not use Catastrophe modeling as a predictive tool for underwriting. In addition, the Company has business continuity plans in place should a natural disaster or other event force the company out of its offices.

At this time, Clearcover does not use metrics and targets to monitor climate risks and opportunities.